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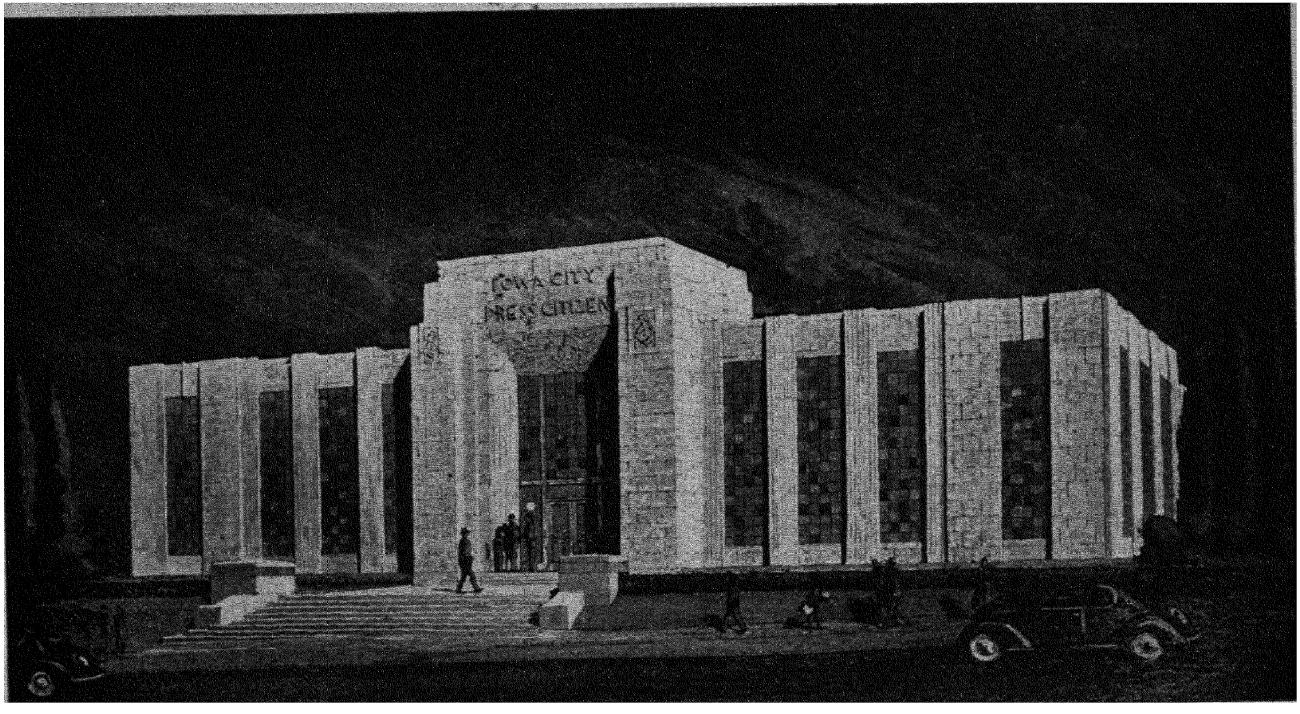
To

THE JOURNALISM DEPARTMENT

Of

OSMANIA UNIVERSITY

NEWSPAPER MANAGEMENT



MODERN PLANT OF THE IOWA CITY (IOWA) PRESS-CITIZEN

NEWSPAPER MANAGEMENT

BY

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REVISED EDITION

D. APPLETON-CENTURY COMPANY

INCORPORATED

NEW YORK LONDON

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PRINTED IN THE UNITED STATES OF AMERICA

TO
V. V.

PREFACE TO THE FIRST EDITION

Newspapers are no stronger than their financial resources. Courage and influence are promoted by financial independence. At one time such a statement might have been considered editorial heresy; today, with competitive conditions as they are, it should be accepted as a newspaper fundamental.

During the eight years I have spent in the teaching of journalism and during my staff connection with several newspapers, I have come to realize the need for a study of the business phases of publishing, a need quite as important as the study of editorial functions.

Journalism has been taught in our universities for some years, but there have been few attempts at a thorough study of the principles of business as applied to daily newspaper making.

Courses in advertising have been highly developed, and the technical literature in the advertising field is now comprehensive. The weekly newspaper has been studied in an effort to determine the principles that should be applied to make the country weekly a financial success. Several books on newspaper publishing, some of the more important of which have been largely of a biographical nature, have appeared from time to time and have proved of value. The work on *Scientific Circulation Management* by William R. Scott has proved an able treatise on newspaper circulation problems and has set a standard for further study in this important field. Industrial publishing has been systematically studied through the efforts of the Business Publishers' Association, Inc., of New York.

No textbook has been written, however, setting forth the business principles of newspaper publishing in the manner that

business administration has been presented for banks and industrial corporations. To meet this need the present study of the problems of newspaper management has been prepared. It has been written to serve as a textbook for schools of journalism, as well as a handbook for the young publisher or junior executive who hopes to take over administrative responsibilities.

Such a study must necessarily cover a wide field, since it has for its objective the explanation of the business practices in use on daily newspapers, both large and small, and applicable to the weekly newspaper likewise. When examples are taken from the metropolitan field, it is with the realization that each large daily newspaper has developed methods peculiar to its own business and locality. But though the large metropolitan daily is more complex and has more variations of procedure and practice, certain fundamental principles obtain in all publishing. These principles, it is hoped, have been given sufficient treatment in this book to present to the journalism student and the young newspaper executive the essentials of sound business practice.

I am indebted to a large number of publishers who have made this study possible. I have been encouraged by my wife, Virginia Hill Thayer, who has given valuable aid. I am especially indebted to Prof. John V. Tinen of the School of Commerce of Northwestern University for his chapter on "Newspaper Accounting." Avoiding doubtful points of accounting technique and practice, Professor Tinen has presented the fundamentals of newspaper accounting so that either the student or the newspaper worker can grasp the basic elements of accounting as applied to the daily newspaper. Business forms supplementing those in several other chapters are shown to illustrate accounting principles.

To S. E. Thomason, business manager of the Chicago *Tribune,* and his associates I acknowledge my indebtedness for the opportunity to study newspaper business practices both at first hand and through many lectures and talks given at the Medill School of Journalism founded at Northwestern University by the *Tribune.*

C. W. Kellogg, manager of the engineering department of

the American Type Founders Company, gratefully offered every possible assistance, especially in furnishing the layout plans for the newspapers shown in this volume. James Wright Brown, publisher of the *Editor and Publisher,* has generously lent assistance by giving the writer the benefit of numerous researches conducted by his publication. Stanley Clague, managing director of the Audit Bureau of Circulations, has my deep appreciation for his coöperation in making possible my study of the Bureau and its function in the newspaper world. Charles F. W. Nichols, advertising counsel for several outstanding corporations and former Chicago newspaper executive, lent valuable assistance on questions of policy. Acknowledgment is made for the generous assistance of D. G. Rogers, director of reference of the New York *Herald-Tribune,* who has furnished me with an excellent description of the filing methods used by that newspaper. For material on circulation methods I owe acknowledgment to George H. Baker, circulation manager of the Chicago *Daily News;* to P. T. Hummelgaard, a city circulator of Chicago, who, while a student at Northwestern University some years ago, made a valuable study of the development of circulation methods as shown in the evolution of such methods in Chicago; and to Leo C. Moser, who gave me valuable assistance in research on circulation problems. Among these acknowledgments of assistance, I desire to mention one of my former students, Burton T. Burritt, who, while a student in my class in newspaper management, prepared a helpful thesis on plant management.

For counsel and advice I am indebted to a friendship of many years with Samuel O. Rice, formerly editor of the *Weekly Kansas City Star* and now a financial writer. Mr. Rice gave many helpful suggestions throughout the preparation of the book and supplied some material, particularly for the chapter on "Newspaper Enterprise." Many newspapers and many concerns manufacturing newspaper equipment have offered suggestions of value. Bradford Merrill, general manager of the Hearst newspapers, E. Lansing Ray of the St. Louis *Globe-Democrat,* and James M. Thompson of the New Orleans *Item,* have been of assistance.

For early inspiration in the teaching of journalism I wish to express appreciation to Prof. H. F. Harrington of Northwestern University, my first teacher of journalism and for a long time my associate on the faculty of Northwestern University. A foremost teacher of journalism, Prof. Willard G. Bleyer of the University of Wisconsin, I wish to thank especially for his instruction and inspiration which prompted me to carry on research work in this field.

To Prof. L. N. Flint of the University of Kansas I am deeply indebted for his reading of the manuscript and his many suggestions for changes and improvements. I am indebted also to Prof. Grant M. Hyde of the University of Wisconsin and Prof. Osman C. Hooper of Ohio State University who read the copy and made suggestions as to treatment of material.

In these days when publishing costs are high and the effects of competition are keenly felt, it is particularly necessary to give special attention to the business side of publishing; nevertheless, there has been in this book no effort to minimize the importance of the editorial side of the newspaper.

Evidence of the pressure of competition and of high costs may be seen in the number of newspaper consolidations in the last decade. These combinations and consolidations usually result in more economical administration and better business methods and thus help to raise the business tone of the publishing industry.

It is hoped that this study may encourage further research in the field of newspaper management. If it helps students to a better appreciation of the merits and possibilities of careful study of the business phases of publishing, my purpose will have been fulfilled.

F. T.

PREFACE TO THE REVISED EDITION

Experience as a daily newspaper publisher and further experience in training newspaper men in the University of Wisconsin convince me of the soundness of the principles on which this book was originally prepared.

Publishing a newspaper partakes of both the ideals of a profession and the acute judgment necessary in conducting a successful manufacturing business. The newspaper must be financially solvent in its legitimate operations and yet give service to its community. It must be safely financed as an operating unit; the newspaper must be manufactured economically, and sold on its merits to its particular constituency, and its business office must account for all principal operations so that the publisher *knows* his financial condition and operating costs. Such fundamental principles remain much the same; only their application differs.

Particularly grateful am I for the reception given this book by newspaper executives and both teachers and students of journalism. Its continuous sale to the newspaper profession has been its own reward.

Efforts have been made to improve every chapter. The chapter on Proved Circulation, for example, has undergone many changes; when the first edition of this book came from the press, the Audit Bureau of Circulations was but thirteen years old; since that time administrative procedures have been improved. The chapter on Newspaper Organization has numerous changes, with some added emphasis on the smaller daily newspaper.

So far as possible in this study I have endeavored to emphasize accepted principles, not fads. While it is true that, on each chapter, an entire treatise could well have been written, space requirements naturally prevent such encyclopaedic treat-

ment. In this revision I have not listed Postal regulations; these are subject to change and, moreover, they can be obtained through the United States Post Office Department, or the local post office.

Publishing requires a knowledge of law, or enough appreciation of legal problems, so that the publisher in a particular case would consult counsel. Within the confines of a book on publishing economics, it is impossible to discuss the phases of law applicable to publishing; to do so would be as skimpy as would be the result if in a book on business administration, an attempt were made to discuss the law applicable to business.

The coöperation of Clinton F. Karstaedt in preparing the appendix on Newspaper Cost Finding is highly appreciated. Mr. Karstaedt, as secretary-treasurer of the Daily News Publishing Company of Beloit, Wisconsin, and vice president of the Monroe (Wisconsin) *Evening Times,* has developed one of the most efficient accounting systems for daily newspapers that the author has seen; in fact, the newspaper profession has recognized the leadership of Mr. Karstaedt in the fact that he was in the same year honored as vice president of the Inland Daily Press Association and secretary-treasurer of the Wisconsin Daily Newspaper League.

Through the courtesy of an old friend and former fellow publisher in Iowa, Merritt C. Speidel, I have been permitted to use as a frontispiece a drawing of the plant of his newspaper, the Iowa City *Press-Citizen.*

For their coöperation and assistance, my appreciation should be extended also to H. S. Strawn of the Audit Bureau of Circulations and to O. C. Harn, its managing director; to Media Records, Inc., and to the Publishers Service Company; to Donald J. Walsh, circulation manager of the Chicago *Daily News,* and to Jack Estes, circulation manager of the Dallas *Morning News.* My work has been greatly facilitated by F. G. Wickware and Dana H. Ferrin, of the D. Appleton-Century Company.

No small debt of gratitude is due John L. Meyer, secretary of the Inland Daily Press Association, who has long been an inspiration to me in my research in the economics of publishing.

His helpfulness and faithful consideration are hereby acknowledged.

Changed economic conditions have brought new problems to the newspaper, problems that mean new opportunities for men trained in both the editorial and business departments. With greater emphasis on the study of the business side of the newspaper in the schools of journalism, it seems certain that these problems will be solved with energy and understanding by men broadly trained in the humanities and the scientific method demanded in creating newspapers for their employers and the public.

F. T.

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NEWSPAPER MANAGEMENT

CHAPTER I

THE NEWSPAPER AS A PRODUCT

The Changing Newspaper

Men produce newspapers for commercial gain. These papers are usually sold under highly competitive conditions and therefore the most careful business management is necessary in order that the books may show a reasonable profit at the close of the fiscal year.

There was a time in newspaper history when little attention was given to the business side of newspapers, which were edited and published largely for the purpose of news presentation and editorial interpretation. In American journalism some of the founders of great newspapers were not only editors but reporters, copy readers, editorial writers, circulation solicitors and circulation managers, advertising solicitors, service men, and advertising managers. The volume of business in these early newspapers was very small, as was also the cost of production. Rising costs and competition have compelled better business methods in publishing.

Prior to the Civil War there were not many daily papers; but that war, which took many young men away from home for the first time, caused a keen demand for news of the struggle. As is always the case, the war increased the need for news, because war brings swift changes not only in personal relationships but also in the problems and policies of government and business.

Following the Civil War came the development of the small daily paper, which was in most cases successful financially. There was a field for more newspapers, because almost uni-

THE OHIO REPOSITORY.

Vol. I.] THURSDAY EVENING, MARCH 30, 1814. [No. 1.

PRINTED AND PUBLISHED,
BY JOHN SAXTON,
AT THE EAST COMMON—ADJOINING THE COURT-HOUSE,
CANTON, Stark county, Ohio.

PROPOSALS,
BY JOHN SAXTON,
FOR ESTABLISHING IN THE TOWN OF CANTON,
STARK COUNTY, OHIO,
A NEW WEEKLY PAPER,
TO BE ENTITLED,
The Ohio Repository.

TO THE PUBLICK.

As a government where the blessing of freedom is enjoyed and justly estimated, is understood by all, who are discerning enough to comprehend political knowledge is of the first importance. The consideration of this truth, has immediately brought light of every description, better acquainted upon the land; hence—Education and Virtue of the people. The establishment of News-papers are the most easy and convenient modes of gaining correct information, respecting their personal concerns, which will enable them to judge, with accuracy, the wisdom or folly of their conduct.

Strongly impressed with these considerations, the editor thinks himself in his proper sphere, and would be his guide, the publick good its aim." By asserting his assertion as one of the two political parties, which at present so unhappy is Wo-kind country, he is free to declare, that this is an establishment of party, but from principles; the result of interest, prejudice and passion. Guided by the impartial investigation, he is an enthusiast to the principles governed by the immortal sages who framed, and the heroes—to the form of government supported by the Patriots of Revolution, and a disciple of the school of Washington.

A candid and liberal investigation of political subjects by independent men, the above principles of the United States: Should it meet the approbation of all parties, are pledged to publish it a Republican paper. The editor declares, on all occasions, the right of every man to a decided opinion, and will freely allow of honorable publick discussion, improvement, which he may deem necessary, but will not admit of personal abuse, calculated to excite angry passions, and to create party animosities. Morality, Poetry, &c. shall occasionally receive a place. In short, the Repository shall be made as pleasing and interesting as it will be in his power to render it.

Assisted by such motives, and guided by such rules, the subscriber, thereby, flatters himself with the favours and his cause to an impartial publick.

CONDITIONS.

1. The Ohio Repository shall be printed on super-royal paper, with a handsome type of the Long Primer size.

2. The price will be Two dollars per annum, one dollar to be paid on the receipt of the first number, the other on the receipt of the seventh number. If not paid within the year, Two dollars and fifty cents will be charged.

3. No subscriber at liberty to discontinue his subscription until all arrearages are paid off.

4. Advertisements, not exceeding a square, will be inserted three times for one dollar, and twenty-five cents for each subsequent insertion. Larger ones in the same proportion.

5. Letters addressed to the editor must be post paid, or they will not be attended to.

Canton, March 30, 1814.

IMPORTANT REPORT.

Letter from the Secretary of the Treasury to the Committee of Ways and Means.

TREASURY DEPARTMENT,
Feb. 20, 1814.

Sir—I have the honour to acknowledge the receipt of your letter, dated the 15th instant, which in consequence of the resolutions of this year, requests, in behalf of the committee of Ways and Means, the view of the principle branches from imports and sources, for the year 1814, and any other information that may enable the committee more effectually to the measures necessary to meet the emergencies and future contingencies, which may have occurred, in the extension of the public finances." It has hitherto been my reduction and painful employment, to suggest for your consideration measures for relieving the embarrassments of the treasury, with a view to the expenditures of a peace-establishment. And you will readily believe, that, on every occasion, pursued as well as publick, I have you most sincerely, in requiring at an early which belongs with it an immediate alteration of the pecuniary upon this department, as well as a general suppression of national honour and prosperity.

The subjects which claimed the attention of the committee, in my former communications, were, 1st, the state of the publick credit; 2nd, the state of the circulating medium; and 3d, the ways and means to defray the various exigencies of government.

1. The publick credit was depressed during the year, owing to several causes, that must now cease to operate. All the circumstances, internal and external, which were calculated to excite doubt as to the duration, or as to the basis of the contract, by the mode of the creditors and the United States and during a part of their power the proofs of punishment were likely to appear with powerful influence. While the people doubted as to the extent of publick exigencies would require the aid of loans, those persons who retained the means of lending, either from a disinclination to lend, or the limited security of the government, and even the exemplary display of the national resources, which has been made during the present session of Congress, for the benefit of the publick creditors, was calculated at its natural effect, in the remedies of publick credit, by the unfavourable and influence of causes which it is unnecessary to specify. But when the whole amount of the publick debt, created during the war is fixed and ascertained; when it is known, that ample provision is made for the punctual payment of the interest, and for the gradual extinguishment of the principal of the debt; and when, above all, it is seen, that Congress is inflexibly to be adherents to the faith and policy of the subscription—the publick credit of the United States will rest upon a basis the most durable and the most honourable.

2. The fifth states of the national circulating medium remain, however, to be experienced, under circumstances which the present session of Congress. The effects of the peace will certainly restore a metallick currency; but until that event shall take place, the only resource for all the pecuniary transactions of the treasury, or both of individuals, will be the issues of treasury notes, and of the notes of the state banks. Indeed, the state banks were upon the return their payments in specie; or if they were unable to do so, the circulation by the notes of such banks, throughout the United States; and if they were moreover, able and willing, to accommodate the future wants of the government, (which I do not perceive any data for a reasonable to doubt,) a total discharge upon them from all further public responsibility in the existence would be practically null and beneficial. But if, on the contrary, the state banks were found to be incompetent to the operation; and if, moreover limited in circulation and loan, to the city, the town, or the state, in which they are located, it must be obvious that public confidence in the government would be lessened, and that the resource of such notes in payments for duties on imports, or internal duties, will constitute the deficiency which is doubted for general uses derived on past and future loans is materially lessened and the whole system of the finances, and the applied where it is wanted. It is accordingly, in the power of Congress to obviate, in a great degree, the evils of the present state, by shortening the payment of a reasonable sum of exchequer upon the holders of its securities from the 1st of January, 1815, to the 1st of July, in the places of demand and of employment; and I respectfully recommend the suggestion to the serious consideration of the committee of Ways and Means.

The alternative, or concurrent resources of treasury notes, for a national circulating medium, and of loans, are the topics which I have reserved for the last consideration. The security of the government must always, upon every reasonable and candid estimate, be considered as equivalent to the security of any private corporation—and so far as treasury notes bear an interest and are receivable in the payment of duties to government, they are evidently more valuable than bank notes, which do not possess those characteristicks. But the necessity of a loan is calculated to give an impulse and influence to issues of paper, which cannot be imparted by the powers of the treasury, or to any merely official implements. In the progress of the government, by the operations of a bank, has the facilities of such system supplied the want of specie, in a very large degree, of the issues of notes; so that a bank loan of 30 millions of dollars, for instance, would probably require a specie fund of only 5 or 6 millions of dollars in bank.

Of the sum of 45 millions of dollars, which I estimate the whole amount of whatever sum is to be actually wanted, in the form of specie, must be certainly very large, in the form of treasury notes, but the method, that the sum may ultimately be determined. It is, however, to be admitted, that on loans of treasury notes not greatly exceeding, in amount, the demand created for them by the duties on imports, the publick may save considerable, and to the extent of the whole sum of 45 millions of dollars, or even upwards of seven millions, the amount of that demand, proportionate will generally be observed in the course of the year. But, before it reaches that necessary, the holder of the treasury notes being then paid, in preference, and when in the exchange of money other publick creditors; and the other branches of the publick service being then deprived of the contemporaneous means for their support.

It is proper here to observe, that the annual issues of treasury notes on this day (including those for old notes), during which will daily becoming due, and those which have been ordered, but are not yet signed) amounts to the sum of $ 16,537,436 00 cts. and the amount will be constantly augmenting. It, therefore, the revenues of the year 1814, excluded by the duty on imports, and by the other branches of duties of the power, should not reach to $5,000,000 it is might be expected, that the whole of the revenue might be expended in the ensuing purposes of paying the treasury notes on the 1st January, 1815. Any object of the government to be provided for by loans, or by new issues of treasury notes.

Having suggested the difficulty and the remedy, I cannot presume to dwell upon any expedient for the latter which Congress has already found to adopt, but I take the liberty, with deference and respect, to renew the recommendation of the plan for the new subscription to the loan authorized in my letter of the 17th January last, under a belief, that, considering the outstanding amount of treasury notes, the interest should be made to run upon a loan, that will enable the government to employ it, both as a circulating medium, and as a means of raising money in aid of the revenue. How far a power given to fund the treasury notes, upon the principle of a loan, to be applied to the payment of taxes and duties, will be sufficient for the purposes contemplated, without providing other means of payment by specie, I forbear, at present, to submit to the judgment of the committee.

3. The ways and means to defray the expenditures of the year 1814, and 1815, will consist of the revenue which will be actually received at the treasury during that period, and of loans.

It is not intended on the one hand, to take into view the balances due upon the appropriations of preceding years; nor, on the other hand, to include the sum of the revenue which will accrue in the present year but which will not be payable until the year 1814.

The direct contribution of the resources of the country, in consequence of the peace, applies principally to the heads of the duties on imports and tonnage. The effect, however, must be combined, with immediate exemption, for 1814, to one dollar for the 2 dollars and 50 cents per ton, for the West India trade will produce also, and the European trade will be affected by way of revenue for the 1st of July, 1815. Some considerable advancement beyond the Cape of Good Hope, will hardly be brought home upon the advantageous of peace, before the year 1815, the second year of peace. Considering, therefore, that a credit of 6, 10, and 12 months is allowed for the duties on most articles imported from Europe for the year 1815, the second year of peace, it is very correct to grant, that the whole amount thereof accruing on importations during the year 1815, and before the 1st of July, will be actually received at the treasury in the year 1815; and that one moiety of the amount of the duties accruing on the importations from the 1st of July to the 31st of July and the 1st of October will, also be received at the treasury in the year 1815. The amount of the said moieties of the estimated revenue for the three years, 1813, 1814, and 1815, was about 13,000,000 dollars. But the first year, 1813, was one of unusual commercial prosperity, when the United States were the only neutral power, and when the duties on the articles of an unknown for the present time, when the other nations of the world are, also at peace. The accumulated war expenditures, and the unavoidable embarrassments upon the currencies were unanticipated by the political economists of our country. It is therefore, questionable, upon the whole, that in a state of peace, the duties will produce during the next year, a sum equal to the average of the three years, 1813, 1814, and 1815, which was about 13,000,000 dollars.

The following statement will exhibit the view which I have taken of the probable amount of revenue which will be received at the treasury during the first year of peace, viz:

1. The duties on imports, tonnage will, probably, be received at the treasury, on the 1st July, 1815, to the amount of $ 13,000,000

2. The direct tax, internal duties, and sales, and postage will, probably be received at the treasury, in the year 1815, in consequence of the facilities of the peace, a sum of 6,000,000

3. The internal duties, old and new, and postage will, probably be received at the treasury, in the year 1815, in consequence of the facilities of the peace, a sum of about 5,000,000

4. The sales of the publick lands will, probably, produce a sum of 1,000,000

5. The amount of forfeitures, penalties, mistakenly, compromises, will, probably, be at least 500,000

$ 25,500,000

From the above statement, it will be perceived, that the revenue upon the existing laws, will be sufficient to pay the interest of the public debt, and the expenses of the civil establishment of the government, and of the army and navy, on the footing of the present establishments, and to leave a surplus of $ 2,500,000 applicable to the payment of the principal of the publick debt, and the increased

FIG. 1. THE MEAGER BEGINNINGS OF A STRONG OHIO DAILY IN 1815


PAGES 1 TO 12 THE EVENING REPOSITORY.

STATE GIVES COUNTY $158,000

FOURTEEN PERSONS LOSE LIVES IN TWO FIRES

PLEDGES LARGE SUM TO HELP ROAD PROGRAM

FOUND GUILTY IN FLOGGING CASE

EXTENDING LINE OF THE LIQUOR BLOCKADERS

U. S. ARMY BLIMP WRECKED IN FIVE MINUTES

CLOSED SHOP IS ENDED BY A COURT ORDER

14 VICTIMS OF AN EXPLOSION AND TWO FIRES

DEATH RATE IN CANTON DROPS

GOVERNOR POINTS TO BENDER LAW RELIEF

YOUNG ESKIMO WILL MARRY WIDOW OF MAN HE KILLED

MICHIGAN HAS SNOWFALL IN SEVERAL ZONES

AUTOMOBILE DRIVES CHILD NEAR DWELLING

PLEADS NOT GUILTY TO SHOOTING CHARGE

Ignorance Traffic Notice Man Jailed

DOVER WOMAN IS HURT IN CRASH

THE WEATHER

FIG. 2. FRONT PAGE OF THE SAME NEWSPAPER IN 1925

Comparison with the front page of the first issue opposite will reveal many of the changes in American newspapers during the last hundred years.

versal education gave men and women ability and taste for reading. There was also that compelling force, interest in politics. Every man had a possibility of holding office. Elections were frequent; the country was developing nationally, and faced the necessity of solving many national questions.

Newspaper circulations, taking the nation as a whole, grew. As these circulations increased there was a demand for improved methods of printing newspapers. Although it is not the purpose of this book to trace the history of the mechanical improvements in printing, it is well to recall the fact that as the economic demand for newspapers increased, the demand for better printing methods likewise increased. Because of this demand, men could afford to devote time and energy to the study of improved methods, with results which are vividly shown in the accompanying illustrations taken from the history of the Canton (Ohio) *Repository*. In answer to the demand for better printing facilities came the linotype, the web perfecting press, the stereotyping process, together with many refinements of these inventions. Paper was cheap compared with its cost when produced by older methods.

The stage was set, so to speak, for the production of newspapers in quantities, especially in the larger cities. Rapid transportation likewise made possible the distribution of newspapers, principally morning papers, over a comparatively large area.

Of these many causes for newspaper growth perhaps the greatest was the stimulation of the inherent tendency of men and women to seek the news. Perhaps there is in us all a certain psychological tendency toward gossip, which causes us to take an interest in all those things which affect in any way our health, wealth, and happiness. We are interested in those things which are familiar to us, which lie in close proximity to ourselves, our homes, and our friends. Without this love of information the demand for newspapers would be slight indeed.

Love of applause is also a cause of newspaper development and prosperity. According to John C. Carroll of the editorial staff of the Chicago *Tribune*, the newspaper is founded upon

THE REPOSITORY, 1815-1925

1815—PER HOUR

200 small four-page papers, five short columns to the page, without illustrations, printed per hour, one side at a time, using Washington hand press, inked by handroller and pressed by hand lever. A man could easily carry the paper used in a month's edition.

1925—PER MINUTE

The Repository's recently enlarged equipment will produce 400 40-page illustrated papers, eight long columns to the page, printed each minute, on both sides, cut from paper roll to size, folded and delivered, counted in packs on perfecting press, driven by electric power and controlled by electric push button. About ten carloads of paper are now used monthly in printing The Evening and The Sunday Repository.

1815—IN MONTHS

News by ocean sailboat, coach and horseback packet, weeks and months old, as witness the reprint of the first edition of The Repository in Tabloid Section of The Sunday Repository today.

1925—IN SECONDS

News by wireless over oceans, by cable under oceans and other news by telegraph, telephone and radio from far and near, in seconds instead of months.

1815—THEY CALLED FOR PAPER

Mail papers called for at postoffice, and mail stages carried mail at from six to twelve miles per hour.

1925.—PAPER COMES TO YOU

Papers mostly by carrier, or by mail, with free delivery in city or country, bulk mail carried by steam railroad, electric railway and automobile.

1815—NEARLY ALWAYS OLD

All copy written and type set by hand, and type used over and over for years. If night work necessary, intricate composition had to be done by candle light.

1925—NEARLY ALWAYS NEW

Copy typewritten. Body and headline type composed by machine and mechanically cast, line at a time, new for each issue. Display type newly cast for each issue and melted for recasting. Most difficult composition work can be done at night and by electric light.

FIG. 3. A CENTURY'S CHANGES IN METHODS OF NEWSPAPER MAKING AND DISTRIBUTION

two very human emotions, curiosity and love of public approval.

Modern man is swayed by these traits as much as Cicero, who pleaded the cause of the poet who idealized him in verse, and as

much as Alexander, who on his route of conquest, brooded at the tomb of Achilles, because he had no Homer to sing his victories.

Every political, social, or economic reform launched to-day must have the support of the newspaper. It is the forum in which proponents and opponents of any cause are allowed a hearing. It is the market place of the civilized world and shows the economic trend of the times.

Every morning, for the price of two or three cents, you find on your doorstep a magic carpet of Bagdad, ready to transport you to any part of the world, or provide a cloak of invisibility in which you may pass into the lives of your fellowmen. It annihilates time and space, and tears away the boundaries of history, allowing no discount for tradition.

Newspapers are often charged with printing too much about crime; yet only about 15 per cent of the news contained in each issue is devoted to crime. It seems a larger percentage because, strange as it may seem, such news is read more intensely. Asking the papers to suppress such items is like asking that Macbeth be written bloodlessly or that Hamlet be performed without the murder of the king.

Decline of Personal Journalism

There was a time in this country when personal journalism was probably the best journalism. But with the increasing cost of mechanical production as well as the increasing cost of gathering news, business problems arose, and more and more attention had to be given to the financial and accounting departments. Journalism became institutional. The decline of personal journalism has caused much regret; yet if the world could go back to the newspapers of yesterday, it would undoubtedly be dissatisfied with them and would return to the modern type. In spite of the almost total disappearance of the great personal editor, there are still many notable editors and publishers. The demand for great editors and far-sighted business managers was never greater than to-day.

Passing of the Party Paper

There was a time in American history when every town or city felt that it must have at least two newspapers, one repre-

senting, usually, each of the principal political parties. If one newspaper was not strong, support was gained for it and its books were made to balance through political subsidy. This process did not mean that there was graft; but merely that if one of the newspapers lost money, certain influential political leaders stood the deficit. In other words, the paper was run for the good of the party. Profits were made out of job printing, provided the owners knew their costs, which they probably did not. Such papers did not exist for the good of the community, except as that good was interpreted in terms of a political party.

Such a newspaper was not a commercial organization. Its main business was in no sense to pay dividends on the manufacture of a product to satisfy a general demand.

To-day the paper of that character is passing. In its place is being developed the type of newspaper that builds its future on its ability to deliver a high grade product, a product that represents the community, that manifests social consciousness, and that looks after the best civic, social, and business interests of the community. This type of newspaper is coming because the owners of newspapers are seeing that the older type of political newspaper serves neither the community nor itself. It does not foster the best interests of the community, and it fails to produce results as a business institution.

It might be said, however, that in the past many political newspapers have had skilled managers and have succeeded. But in most cases political newspapers have not lived up to their business possibilities. The best policy for a daily newspaper as a product or commodity, it has been proved, is the policy that regards the newspaper as something to sell. To make a success of that selling process, the product must be "right" and must have the confidence of its readers. If that confidence is to be maintained the newspaper must give good service, for it is impossible for a newspaper to fool all the people all the time. An adequate field for a newspaper enterprise presumes public acceptance sufficient to make the newspaper profitable.

The Newspaper as a Product

On almost any street corner in the business districts of our larger cities may be purchased, for a comparatively small price of from two to five cents, a daily newspaper with a fairly complete record of the events of the last twenty-four hours, including news from the far ends of the earth, information regarding changes in governmental policies abroad, political news from the capitals of the world and the state capitals, business news, market quotations, editorial comments, book reviews, critiques of plays and recitals, fashion hints, cooking recipes, cartoons, and pictures.

In addition to the hundreds of news items are the advertisements in large numbers. Altogether there is as much composition of type in the larger daily newspapers as would be required in a modern novel.

This product is manufactured, in the larger cities, in quantities ranging from 10,000 to 500,000 or more copies every twenty-four hours.

The newspaper is a product of a manufacturing plant. It must be manufactured or "fabricated," marketed, and in cases where there are not direct sales from newspaper plant to readers, merchandised the same as any other manufactured product. The newspaper depends for its success upon the sale of its two "commodities," news and information for the reader, and display space for the advertiser. Contrary to the facts in the case of other manufactured products, the container, or the paper itself, in which news and advertising are figuratively wrapped, is much more costly than the paper container or wrapper of other products. In soap, for example, the paper wrapper costs only a fraction as much as the product itself. The cost of the tin can containing prepared soup is small compared to the cost of the product itself.

To take sufficient care of the manufacturing processes, the distribution, the financing and accounting of such large business enterprises entails the greatest executive ability. The newspaper owner, manager, or publisher must know whether his manufacturing department is functioning without a loss—for continued losses mean eventual liquidation or bankruptcy. He

must know that his distribution is effective and that every reader has his paper just when that reader expects that paper to be on his front veranda or at his corner newsstand. To fail to have a proper distribution system causes endless trouble and breaks down all possibilities of profit.

But with all the perfected systems and equipment for newspaper production, a newspaper to-day cannot be successful unless it is fundamentally fair and honest. Unless a newspaper has character, the public will not long continue to give it support. The public will leave a shaky newspaper with all the speed with which they will forsake a shaky banking house. And there is, of course, justice in such a reaction.

There are, naturally, newspapers with different policies, catering to different classes of the public. But with a policy of indifference toward the public no newspaper can continue to do business.

The question as to the legitimacy of sensational appeal is difficult to answer. With the development of newspapers since the Civil War has come the development of the headline. The Civil War taught the American newspaperman that something more than a label head was necessary in serving the news to the public. The Spanish American War taught the newspaper publisher the value of advertising the news with large types. The World War taught the publisher the necessity for variety in headlines, for in the prolonged period of that war, with the meager communiqués from the war offices, there was, many times, a lack of definite information, from day to day, other than dry reports of attack and counter attack without details as to regiments, officers, and men.

So the American reader is educated to look for comparatively large headlines in his newspaper. But surely he does not like headlines that are so ugly as to detract from the appearance of the whole paper.

While there is every reason to deplore the yellow newspaper, the newspaper that lies either carelessly or with malice, there does seem to be a legitimate field for the human interest newspaper.

There are fields for newspapers appealing to different classes

of the public. In the large cities particularly or in the industrial centers with their large numbers of laboring men and women, there is a sharp demand for human interest presentation of news and features.

Tabloid Newspapers

Tabloid newspapers serve as an example of new tendencies in American journalism. The amazing success of the New York *Daily News* furnishes adequate evidence of the weight of the demand of the New York City public for this type of newspaper. How far the tabloid idea may be carried is a problem remaining to be solved.

In such metropolitan centers as New York City, some definite reasons for the success of the tabloid may be noted. First, there is an increased desire on the part of the public for entertainment and amusement; as this is the age of pictures, photographs of news events and personalities prominent in the day's events help to supply this entertainment. In the second place, the reader to-day likes condensed news, for his time is generally more limited than it was thirty or forty years ago; there is more competition for his time, more publications to attract his attention, and more means of furnishing him information, as shown in the development of the motion picture, especially the news reels and the magazine feature and educational pictures.

Other explanations for the success of the tabloid might be: ease of reading small-sized papers in congested subways and other local transportation systems; a desire on the part of the readers to see news enacted or reënacted; contests that appeal to a wide circle of readers; human interest appeal; and information service departments.

How far these factors will make for tabloid newspaper success in other cities is problematical, for already established newspapers have been quick to adopt similar editorial means of appeal.

Functions of the Newspaper

The principal business of the newspaper is: (*a*) to print the news; (*b*) to guide public opinion by the interpretation of world

events; (*c*) to furnish wholesome entertainment for the readers; (*d*) to assist in the distribution of service and merchandise through advertising.

Unless a newspaper fulfills these functions for its public it will soon cease to be published. Thus, while this study has to do with the business management of daily newspapers, it also emphasizes the necessity for high character in the newspaper. The great newspapers of our day have been and still are newspapers of character.

No newspaper can be successful, however, unless there is adequate provision for its substantial financing. Enough money must constantly be coming in so that bills for paper, ink, and labor can be met in full and on time. The wise newspaper manager seeks to gain the benefits of discounts by paying his bills inside of the customary ten or thirty days, as does the successful retail merchant.

Inasmuch as the revenue from the sale of papers is only a fraction of the sum necessary to conduct a newspaper, funds must come from other sources.

Records of selected dailies show that of total operating revenue approximately 14 to 42 per cent is circulation revenue.

The sale of advertising space makes possible the commodity that the reader buys on the street at prices ranging from one or two to five cents; advertising makes possible newspaper profits.

Thus it is that advertising makes possible the dissemination of news, opinion, and entertainment. The advertising gives economic support to the publication. On the other hand, the advertising would be worth nothing without wide distribution of the newspaper among readers who have regard for the character of the paper, its policy, and its presentation of news, feature articles, and entertainment.

While the support from the advertising bears an economic relation to the publication, the editorial and news policies bear a psychological relationship to the advertising. The advertising benefits the newspaper because the sale of white space to merchants and manufacturers brings in revenue. The editorial and news functions are the principal reasons for the paper's

existence, especially from the public's point of view. Knowing this attitude of the public, the publisher realizes that if he is to make money and to pay dividends on his investment he must turn out an honest product. His attitude is no different from that of any other conscientious manufacturer. If he does not deliver to the reader an honest product, he cannot long expect that reader to support his publication.

The Newspaper's Market

The character of any product is determined, more or less, by the requirements of the market. No publisher is in position to decide whether or not to enter a certain field or, having entered, how to make the most of his opportunities, unless he is a keen analyst of newspaper markets. No newspaper can do business profitably unless it has an adequate field. There must be a population large enough to support it. If there are already other newspapers in a town, the question must be answered whether or not there is enough business to support another paper.

A daily newspaper can make money, as a rule, in a town of 6,000 population, provided there is a good trading area surrounding the town, and provided the paper is the right kind of newspaper product for that field.

Successful daily newspapers in smaller communities include the Maryville (Missouri) *Daily Forum* published in a town of approximately 5,000 population, and the Monroe (Wisconsin) *Evening Times* published in a small city of slightly more than 5,000 population.

There are numerous examples of profitable newspapers published close to large metropolitan areas. The Elgin *Courier-News,* the Aurora *Beacon-News,* and the Joliet *Herald-News* are all published within an approximate radius of fifty miles from Chicago. A like situation obtains adjacent to New York City, where the Westchester County Papers include such newspapers as the Yonkers *Herald-Statesman,* the Tarrytown *News,* the Port Chester *Item,* and others.

The Non-Metropolitan Field

From the small village of 1,000 population to the large city are found weekly and non-metropolitan daily newspapers. Such a newspaper is close to the residents of a community; its emphasis if successful should be on the life and interests of its territory; its appeal is neighborly and friendly. The focus of its news policy might be termed the *minutae* of community interest.

Even amid the conflicting forces of modern editorial and advertising appeal, as found in the magazine, the metropolitan press, and the radio, the country or non-metropolitan weekly and daily press has maintained its position, continuing its meritorious service in centralizing and personalizing community forces.

Whether newspapers of this non-metropolitan classification will continue to give honest journalistic service and to be sound investments depends upon a thorough understanding of the newspaper business, an appreciation of shifting social and political conditions in an ever changing world, and the maintenance of business volume despite new factors in transport, in merchandising, and in new media of competition.

One fundamental reason why the well-managed non-metropolitan newspaper, weekly or daily, will continue to live is that its columns are given to the development and recognition of personality in the community. Those who possess talent and do worth-while things even in small measure and the friends of those who have talent have a peculiar interest in reading about well-merited efforts and achievements. Such a situation fosters the close interest of the local newspaper's public, an interest heightened by having "eye appeal" for the satisfaction of the "gossip" instinct.

The stability of the newspaper in a particular field or market depends in part upon the confidence of its readers. The newspaper's influence in forming political opinion has waned, according to some critics, but the question might well be raised whether newspapers as an institution ever *determined* the results of an election. It remains for the newspaper to give the

news so that the citizen may have opportunity to weigh the facts, form an opinion, and act accordingly.

A significant development in the non-metropolitan field especially is the centralizing of rival papers into one plant, with certain combined departments, such as advertising and mechanical, but with separate editorial departments. This plan seems sound so long as the separate editorial integrity of each paper is honestly maintained.

Radio A New Competitor

Within recent years radio, a new industry, has entered the journalistic stage, finding a permanent place and performing some functions once thought the sole prerogative of the newspaper. Although the radio has annexed to some degree the newspaper's function of giving spot news, it has well-defined limitations. For example, the radio has no record value; hence no reference may be made quickly by the listener to what has been broadcast. The newspaper gives more thorough news treatment, and so far as pictures, certain entertainment articles, and editorials are concerned, may be regarded as superior to the radio. Television or graphic radio may supply some deficiencies of the radio, but it seems extremely unlikely that even television will soon off-set the need for an effective press.

Through its commercial development radio stations and radio chains compete with the newspaper in the field of advertising. Some newspapers own wholly or in part their own radio stations, thus making possible a double appeal for the advertiser.

Until Congress passed the Federal Communications Act of 1934, radio competition of the newspaper had been confined with some exceptions largely to the metropolitan field. Under that Act the Commission was authorized to license stations of 100 watt power in towns in which radio facilities were not already established. Many smaller newspapers have taken advantage of radio station operation.

Despite radio's strides in the period from 1920 to 1938 circulations of key and well-established newspapers were maintained; it has been contended by some publishers that radio

actually helps the newspaper, for it acts as a herald of the more complete news stories and analyses found in the press.

The truth is that with all respect to radio, he who has eyes will continue to read. The problem for the publisher is to produce products that reach effectively into his community.

At one time a newspaper lying from thirty to fifty miles from a metropolitan area adopted the plan of getting an early edition of one of the metropolitan afternoon dailies, from which the editor of the small town daily picked up telegraph news and then rewrote selected stories to appear in his local paper the same day. In this way it was believed that local community papers could compete to some degree with the afternoon city daily. In fact, under this system, more attention was given to competing with the afternoon paper than to developing appeals to circulation through the excellence and thoroughness of the local news and the editorial columns.

It is true that some readers took the afternoon metropolitan paper in place of the local paper; but it was largely because of the poor methods of the local paper. The local publishers simply did not capitalize their resources which no outside publisher could take away—their local field.

In most cases news was not developed to such an extent that the marginal reader would want the local paper. By the marginal reader is meant the reader who is just on the edge of the group that reads the paper. He might read it occasionally, but he would not miss the paper if he did not see it every day. Good newspaper management should try to produce such a paper that every citizen in that community will want the paper, because of its information about home affairs. Such a plan increases receipts in the accounting room.

There is, of course, a question as to the business expediency of putting more money into local news gathering. Perhaps the advertising revenue in some cases would not justify additional editorial expenditures. On the other hand, by obtaining more readers and more local interest the advertising values of the newspaper would be considerably enhanced.

With the development of the "pony" news service, or modified wire news service, on the part of the news-gathering asso-

ciations, such as the Associated Press and the United Press, the practice of obtaining early copies of metropolitan papers for the purpose of rewriting stories for local papers in adjoining towns has been abandoned.

With a means of obtaining a condensed report of the latest wire news over the telephone or telegraph, the local papers can compete with the fast afternoon dailies in near-by cities. While these abbreviated reports are necessarily meager they give the small city publisher a service he can well pass on to his readers. The expense is not great and the service is an excellent means of making the small city daily effective in its presentation of world news.

Advertising Service

When consideration is being given to the newspaper as a product, account should be taken of the advertising service which the small city daily sells to merchants, manufacturers, and the public.

The small daily is the most effective means of reaching the public quickly; in most cases the small daily is well received by the citizens of a small city. This ready acceptance of the paper makes it a good advertising medium. Too many publishers do not appreciate this fact enough to put every effort behind the advertising department in its development of news ideas and campaigns.

National advertisers appreciate to the full the opportunity to use space in the small daily, but too often the space buyer's attention is not attracted to these small city dailies. Through national advertising representatives in the larger cities and through selective lists, the merits of many small city dailies are becoming better known.

The whole question of advertising promotion will be discussed in a later chapter. Mention of the problem is made here merely to emphasize the fact that the publisher must recognize that in selling his newspaper to a community he is also selling advertising service. In the past some publishers have felt that the advertising was only a means of paying for the expense of the publication; their objective was entirely editorial.

Emphasis on Business

While it is true that the editorial department ought to express the highest ideals of citizenship, it must not be forgotten that the solutions of the great national problems of business, more particularly the distribution of goods, are assisted greatly through the advertising columns and through the publication of business news. The idea that business soils the hands of the publisher is passing. The change is good for the whole newspaper profession, because the sooner the publisher realizes that he is running a business institution and not merely an organ for the dissemination of information, the more independent he will be, both financially and editorially.

Pages with Sales Appeal

There are certain pages that sell the newspaper. In the small cities many readers take the paper because it presents editorially the ideals of the community and because it gives local news. In the cities of medium size the service on wire news is practically as good as that supplied to the great dailies in cities of 500,000 and over.

"What does the public want?" is the eternal problem of the newspaper editor and publisher. The answer to this query may best be given by citing again the real functions of the newspaper, to give news of the day, to entertain, to interpret the significant happenings of the times, and to serve as an advertising medium. In seeking the answer to this question as to what the public really wants, investigators have found that the farmer, the merchant, the housewife, the business girl, and the artist all want the news.

News is the timely record of significant acts or opinions. If the editor fulfills his function he must tell what is really happening in the world, and especially what is happening in his local community. Many small city dailies are members of the Associated Press or the United Press Associations, taking the full leased wire service. By having the use of such a service, covering the news of state, national, and international interests, the editor is in much better position to compete with large metropolitan dailies in near-by cities than he would be if depend-

ing upon the pony service really suited to dailies with circulations below 5,000 copies.

To be efficient as a newspaper and not as a "viewspaper," the small city daily must give decided emphasis to both local and national news. It is obviously impossible for a paper of this class to have a foreign news service such as many of the larger dailies have, but attention to the foreign news carried by the press associations will generally suffice.

Business is the center of life in America and therefore the newspaper ought not to neglect the featuring of business news. Daily the paper ought to give the best possible market reports, especially in agricultural communities. Much agricultural news can be obtained from the state college of agriculture. Other information can, in many cases, be obtained from the county agricultural agent or the home economics demonstration agent. The news of the local farm bureau and the grange cannot safely be neglected.

Agricultural news is a special phase of business news, although there should be special attention to business news aside from agriculture. Business to-day is back of the best community interests; the local chamber of commerce is always good for stories that show vision and progressiveness.

Local business news should be particularly featured. Changes ever occur in local business concerns, improvements are frequently under way, or combinations of commercial interests are being considered or effected. Sales of real estate indicate business development, insolvency, or the settling of decedent estates.

Toward the investing public the newspaper possesses both a responsibility and an opportunity. The responsibility is so to censor its financial news and advertising columns that fake investments are not permitted space. The opportunity is to develop this interest in newspaper service to the public, so that the newspaper can participate, through advertising, in the distribution of securities created to meet the demands of business and public improvement.

Politics also may be called a sparkplug of reader interest. Political news has the necessary elements to build human interest and to serve politically minded readers with information

so important for the proper functioning of democratic government. It is sound business practice for the newspaper to present political news fairly, even though in its editorial columns it expresses vigorously its views in favor of a particular candidate or party.

Sports, both professional and amateur, are decidedly news, news that builds reader volume. Increasingly newspapers are participating in promoting athletic contests. It would seem that more emphasis should be given to non-professional sports.

Names, whether in country correspondence in the non-metropolitan paper, or in stories about persons and events from afar, are news when coupled with events of news interest.

The picture in news has become firmly established with the trend definitely toward more local pictures. As pointed out by Henry Ladd Smith of the University of Wisconsin School of Journalism the one-man engraving plant has made half-tone cuts possible for the non-metropolitan newspaper in the smaller fields. Circulation-building illustrations are as important as improved typography in text and headlines.

Another effective factor in the development of pages that sell the newspaper to the public is the increasing use of color, in both editorial and advertising presentation.

The special features, the comic strips, and the special foreign dispatches add considerably to the "pulling power" of the newspaper. In Chicago, the Chicago *Daily News* is widely known for the excellence of its foreign news dispatches. Both the Chicago *Tribune* and the New York *Herald-Tribune,* as well as the New York *Times,* have built up their prestige through their efforts to obtain the best foreign news available.

There was a time when foreign news was of the most trivial kind, covering little else than fashions and the happenings in the courts of European royalty. To-day when the isolation of the United States is no longer possible, because of the more rapid trans-Atlantic transportation and the development of wireless communication, as well as the closer bonds established with the entrance of the United States into the World War, the public insists on knowing more about foreign affairs and the influence of these affairs upon the welfare of our country.

The smaller city daily cannot cover foreign affairs thoroughly, but through the press associations special informative features can be carried that will strengthen the paper with the more intellectual part of the public.

Regular features, such as the poems of Edgar A. Guest, the cartoons of Sidney Smith or Briggs, and the sermons of Dr. Frank Crane, have special pulling power with many readers.

Naturally, with the growth of feature material there has been an epidemic of newspaper features, especially the syndicated features. Many publishers have bought more features than they could well use, much to the detriment of local news.

Departments, such as the woman's page, have been built up in many newspapers. This feature is surely justified, in view of the greater interest of the modern woman in world affairs. However, this page has always emphasized the distinctly feminine interests: household hints, recipes, patterns, and perhaps an occasional personality sketch of some prominent woman. This type of woman's page does have its appeal, but the enfranchisement of women undoubtedly creates a need for more thorough handling of news concerning the activities of women.

Other papers make use of a magazine page which combines typical features for women readers, with added features which appeal to both men and women and frequently to children. There are bedtime stories for the youngsters, an interesting essay or an experience article. There may be a puzzle or an illustration to add pictorial interest to the page.

Small city dailies have a wide choice in selection of material for their magazine pages. The difficulty is finding features that will win a real place in the hearts of the readers, features that give entertainment and information as well.

Papers published near seaports frequently give special stress to shipping news. This practice is followed by such papers as the New York *Times* with its news of ship arrivals and sailings. The Cleveland *Plain Dealer* is known among Great Lakes shipping interests as a standard source of information about lake trade.

For many years the Oil City *Derrick* has been an authorita-

tive publication on the oil market. By giving its readers information of the oil fields it has extended its territory and has appealed to oil men far from its city of publication.

Morning and Evening Newspapers

The daily field is divided into two classes, the morning and the evening newspaper. Both have their advantages and both have fairly distinctive functions. In the first place, the morning newspaper has the advantage of summing up the news of the day before and of editing more carefully its dispatches. The morning newspaper has the opportunity of getting out early editions and sending them on night trains, thus, by morning, reaching trading areas and other territory hundreds of miles away.

On the other hand, the afternoon papers are more confined to local territory for their distribution. This fact is in many ways an advantage to the afternoon papers, for concentration of circulation means greater saturation of a city with advertising information. Reaching the great mass of readers in a comparatively small territory is of financial advantage to a publisher.

The afternoon paper in the larger cities scatters its circulation through a range of as high as ten editions. Papers which are bought on the strength of big headlines during the rush of the day are frequently cast aside, but the next edition is eagerly purchased.

The afternoon paper has the advantage of publishing the news of the day that day, and of giving quick service to a community.

In the larger cities such as New York, Chicago, Boston, and Philadelphia, afternoon papers are bought as workers start home on street cars, elevateds and subways. These papers are sometimes read hurriedly and then are thrown aside when the passengers reach their destinations. But perhaps the same could be said of the morning papers. It is generally accepted as a fact that when either the morning or afternoon paper is delivered to the home, such circulation is more valuable.

In New York City the old New York *Globe* emphasized the fact that its circulation consisted almost entirely of editions

published from noon to about 4 o'clock. Other afternoon newspapers print earlier editions giving advance tips on racing and other sporting events. Late editions in the early evening give the results of these events. When readers take papers for this information, no matter how well-to-do the readers, it is conceded that the circulation is not as stable as that delivered to homes or sold to home people. The *Globe* contended that the papers sold on the streets from noon to five o'clock are largely sold to home or business people, and not to race-track tipsters or members of the professional sporting fraternity.

In the small city there is a field for the morning paper, but because of the fact that the afternoon paper is the publication which has greater saturation of the local field, the advantage rests with the afternoon paper, all other things being equal.

In considering the difference between the circulations of morning and evening papers, it is not so much the total circulation that need be considered as the total local and suburban circulation, for it is within the local trading area that advertising gets its greatest and surest effect.

In the largest cities, of course, the appeal of advertising over a wide area does have importance. For example, the Chicago *Tribune* distributes its papers to readers especially interested in Chicago over five states, Michigan, Indiana, Illinois, Iowa, and Wisconsin. Because of this interest, and because in traveling east or west passage must be taken through Chicago, on account of the city's position as a rail center, the advertising in the *Tribune's* pages is not wasted on these readers.

Yet it must be admitted that the evening newspapers do produce a concentrated effect in a city and its suburbs. In fact, the Chicago *Daily News* has for a long time recognized its field as primarily in the immediate vicinity of Chicago; the *Daily News* has not tried to develop circulation outside the city.

On the other hand, the Indianapolis *News* is regarded as one of the most influential of state newspapers; its circulation tops that of its morning rival, the Indianapolis *Star*.

Naturally, there are advantages in both evening and morning fields, but it is difficult to cite, without careful analysis, reasons

for the greater development of an afternoon paper in one city, or of a morning paper in another.

In the average small city, the evening field is usually the profitable field. If the city of publication is near a larger city, the larger city morning paper can give more for the same subscription price than the morning paper in the smaller community.

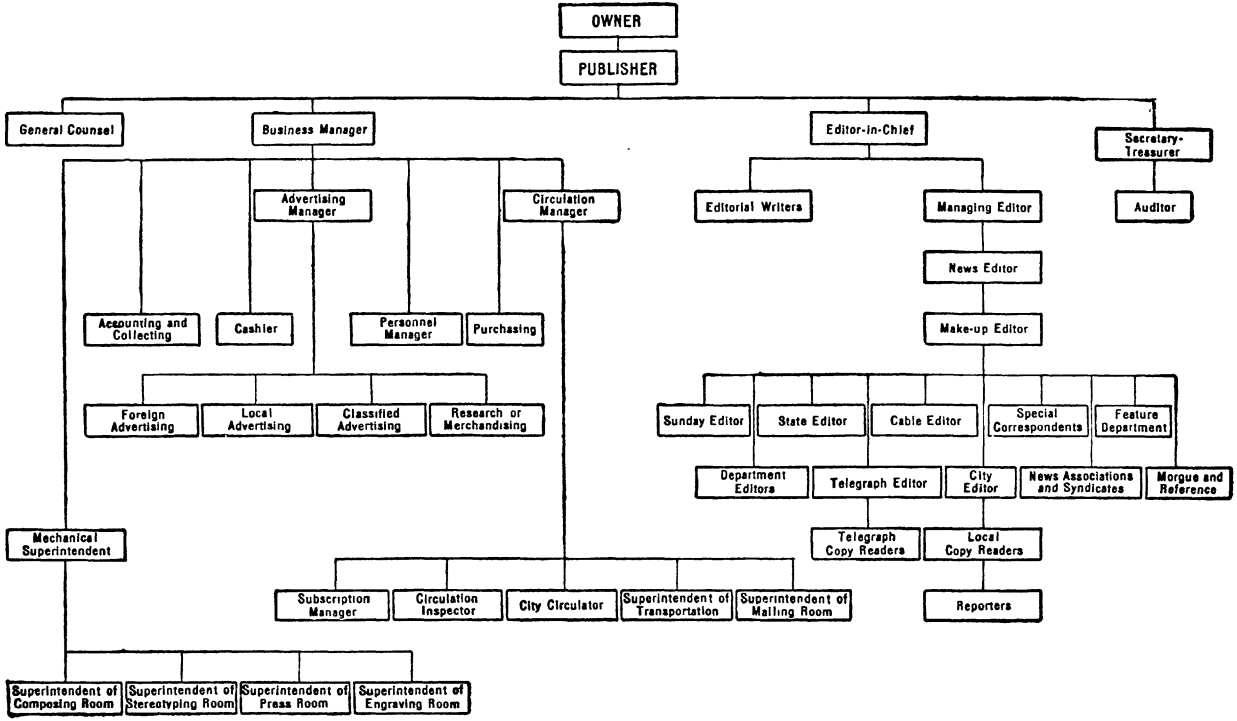


FIG. 4. ORGANIZATION CHART OF A METROPOLITAN NEWSPAPER

CHAPTER II

NEWSPAPER ORGANIZATION

Organization in Industry

Industries have three forms of organization: the military type in which authority is pyramidic and which is suitable for a small business; the functional type, which has each phase of operation directed by final and delegated authority; and lastly, the staff and line organization, which is a combination of the military and functional forms of organization.

The newspaper manager need not, however, regard these forms of organization too seriously, for the newspaper business is well standardized as to its system of control. The form of a newspaper organization is well defined.

The newspaper business lends itself well to the staff-and-line organization. This means that there is graduated control. Each level of authority has its own counsellors. Let us illustrate. At the head of the institution is the general manager or publisher in direct control of the business office. Under him are the advertising manager, the circulation department, the accounting department, and the editorial department. On questions of business policy and finance all the executives might be called into counsel. On problems of circulation, the circulation manager's staff might be called together. This circulation staff on a large paper might consist of the circulation promotion department head, the superintendent of the mailing room, and the superintendent of transportation. Each might have his authority within his own field, but would serve as a counsellor on all circulation problems. The editorial department likewise could have a staff-and-line organization instead of a truly military form in which the word of the publisher would be final and in which the editor, the managing editor, the news editor,

and the city editor in turn would have to carry out the orders from the next higher executive as to policy.

Inasmuch as the newspaper depends upon personnel for its value to society, this staff-and-line form of organization works out very well. Many newspapers may not definitely adopt this form of organization, though in practice the decisions are made many times on a staff-and-line basis.

The staff-and-line organization represents coöperation of workers and executives.

The functional type of organization in the composing room, for example, might be illustrated by the setting of an advertisement. One man receives the order, another plans the general layout, a third selects the type face, a fourth sets the ad, a fifth reads proof, and a sixth makes the proper record. In truth, this is about the way the actual setting of an ad takes place except that one man who determines the layout may also select the type and fill out properly the production order. In this form, each man's work is final. In the military form, copy may be changed by the foreman.

This functional form of organization is complex and does not in general fit the small daily newspaper, where the best plan is to have well delegated authority, limited though certain, and careful checking of the trust or responsibility. The foreman of the composing room should be responsible for the production in his department, and with the proper assistance and coöperation, he should have his own control in his own department. Should the foreman be allowed to hire and fire? Probably not, for on the large newspaper this function would come more properly within the jurisdiction of the personnel department, usually subject, however, to the approval of the particular department.

On the small newspaper one of the general officers probably does the hiring. In the editorial room of the small daily, the managing editor, with the assistance of both the publisher and the city editor, may carry this responsibility. Circumstances vary, and therefore organizations differ on newspapers of different size requiring different divisions of responsibility and authority.

Need for Newspaper Organization

The daily newspaper, in order to be serviceable to its community and profitable for its owners, must be well organized. Too many newspapers growing out of job printing establishments have never made a thorough study of their own organization problems. In such cases the paper has been produced after a fashion, but its managers have not checked results with the business and social possibilities.

Before discussing the actual organization of the newspaper, it is advisable to consider some of the fundamental factors necessary for the success of any business organization, factors that hold in the newspaper business as well as in other industrial activities.

In the first place, the product, the newspaper, must be right; it must be reasonably satisfactory to its town or city. This, of course, does not mean that every reader or every citizen should agree with the views of a newspaper or even like its choice of syndicate material or its presentation of news. However, reasonable consideration must be given to what the community demands in the way of news publication. The history of recent years has shown that there is a place in every town for at least one newspaper, and in a fair-sized community, two weekly or daily newspapers. The position of the newspaper as a necessity is well established. But it is no less true that both the editor and manager should study the needs of the community and endeavor to deliver, every day, a newspaper that meets those needs as far as possible. Of course, it is true that a newspaper may hang on for some time in spite of poor editorial and business methods; but some day an energetic manager on a rival paper is likely to take the most of its business both in circulation and advertising.

The best way to prevent newspaper decay is to review conditions frequently; in fact a daily inventory, or a perpetual inventory, of methods and results on both the editorial and business sides, helps executives to determine the status of their business. If the editor, in handling his department, or the manager, in directing his control of the property, does not know whether his work was successful yesterday, he is on the

high road to failure, especially in face of stiff competition directed by managers who are questioning their own methods and are seeking to modify or to change them in order to produce better results.

The business manager, especially, ought to know how this week's business compared with last week's and with the same week a year ago. He should know whether expenses are becoming too heavy or profits too small to make a fair net return on the property. He should know whether a recent advance of advertising or subscription rates is restricting the volume of business. If the newspaper manager does not seek to know these things, he may become aware of them too late.

Such a check on daily business serves to let executives know whether they are successfully producing a satisfactory product for local consumption.

Capital

After the newspaper, as a product, has been brought to a high standard, then, whether on an established paper or on a new publication, the question of adequate capital is highly important. Experience has proved that it is desirable to be assured of sufficient capital so that there will be no necessity of borrowing heavily, or selling more stock, or relinquishing part of the stock in the owner's control, in order to raise funds with which to carry on the business.

It is true that many business enterprises are started on borrowed capital, but if the newspaper is thus launched, the financial arrangements should be such that the business may be handled easily without undue worry over questions of money.

As to the amount of capital needed for a successful newspaper organization, discussion will be reserved for the chapter on Financing the Newspaper.

Control

Is the newspaper controlled by a partnership, an individual, or a corporation?

Many newspapers are owned by individuals and are thus organized as any private business; others are organized as part-

nerships—usually a satisfactory form of organization for small business concerns such as mercantile establishments.

But as the newspaper grows larger there is a demand for additional capital to buy needed equipment, to replace time-worn typesetting machines or presses, or to buy a new building. In business to-day there are comparatively few individuals who have the funds to finance an entire business alone, and this statement holds true for the newspaper business. For this reason, many newspapers are organized as corporations, with several individuals as stockholders. Stock in newspaper publishing enterprises is not sold on the principal stock exchanges as a rule; rather the newspaper publishing company is generally a closed corporation. The development of the chain newspaper and the sale of stock for financing purchase of large newspaper properties have brought about wider distribution of newspaper securities, however.

In buying a newspaper, in establishing a new one, or in reorganizing an old established publication, the problem is to determine whether the organization should be on the individual ownership, partnership, or corporation plan.

Perhaps if the newspaper is small, it could well be owned individually. If the owners or prospective owners have insufficient capital, a partnership may be formed. However, there are some pertinent objections to this form of organization. In the first place, a partnership is immediately dissolved on the death of one of the partners. This means that the organization is temporarily broken up, and cannot go on uninterruptedly if one of the owners dies. The newspaper may be passing through a critical period when there is depression in business, when banks are hesitant to give loans, and when business men are consequently extremely cautious in extending advertising contracts. If one of the partners dies during this period, his estate must be settled, and in case of debts, both or all partners are liable for the full amount of the indebtedness. Even though the newspaper might continue operation even in face of a business depression, the organization must be broken up, for legally there is no partnership after the death of one of the partners.

The necessity of closing up the deceased partner's estate

brings a real hardship to the other partner or partners. The result may be that the whole organization may go into the hands of a receiver.

In case of a corporate organization the situation would be entirely different. At the death of one of the stockholders, the estate of the deceased stockholder could only hold the newspaper organization for the amount of the stock and its unpaid earnings. The organization would go on in much the same way without any disturbance of its financial structure.

A corporation is an entity created by the state, and in so being is in many ways an artificial personality with perpetual life, or life during the term of its charter. The corporate form of organization provides that each shareholder is liable only to the extent of his ownership of stock. His personal estate cannot be taken in event of failure of the newspaper. For this reason many men are willing to finance such enterprises, knowing that their risk is only up to the amount of their investment.

For a newspaper in a larger town or city, or for a newspaper with a circulation of 5,000 or more, the corporate form of organization is the only advisable one. Such a form assures a permanence of organization and a continuance of policy.

The corporate form also provides the means whereby several individuals of comparatively small means may join together for the ownership of a newspaper property. This is helpful to the younger man who is ambitious to own a daily newspaper.

Among other advantages of the corporate form of organization are ease in transferring individual holdings and in securing additional capital and power to extend operations and centralize control.

Location

The plant site is an important problem in management, for a newspaper, if it owns its own plant, may be expending more for "rent" than wise management should permit. Some newspapers can make themselves "rent poor" because their plants are located in expensive buildings in the center of the city,

buildings that are far too valuable to be used for manufacturing purposes.

There was a time in the history of the American newspaper when it was thought necessary to have a monumental structure in one of the best possible locations. In such cases the overhead was far too large. Take the case of the old New York *Herald,* with its architecturally beautiful and distinctive newspaper building. As the city grew the *Herald* could no longer afford to keep this building. The land was far too valuable for an exclusive newspaper plant.

Newspaper owners have sometimes thought that because their institution was a sort of beacon light on a hill, it was necessary to have a building in keeping with this character. This theory, however, even though attractive, is not practical for a newspaper which is on the up grade to success. If that success has already been obtained and if the building can be used for other purposes, such as offices, then an expensive building of beauty may be all right. But if the newspaper must be conducted on close margins, it is better business to consider the newspaper plant as a manufacturing plant, and to locate it outside the expensive retail shopping and theater districts. Any other kind of factory would not be justified in using the most expensive land for its location; therefore it goes to the outskirts.

True, the newspaper ought to be as near the center of the city's activities as possible, where it can keep in touch with news developments and be near the railroad stations. From the two extremes, the outskirts where the typical factory would be built, and the center of the city where the theaters, department stores, and hotels are built, the newspaper may choose a happy mean—outside the expensive locations on the principal avenues of the city, but near the stations and with easy access to the arterial highways of the city so that drivers can easily get through traffic to outlying distributing stations.

Two newspapers which followed this principle are the New York *World-Telegram* and the Cleveland *News.*

The Detroit *News,* contrary in part to the principle just

pointed out, has an exclusive newspaper building, but it is outside the congested retail district of Detroit. In order to have contact with the centers of business, a downtown office is maintained where want ads and display advertising orders may be left.

In the small city, the newspaper could well be located on the principal business street, if the location were away from the most expensive centers.

More and more newspaper owners are beginning to realize that their business is a manufacturing business and that, if it is to pay dividends, too much expense must not be incurred for the purchase and maintenance of an expensive newspaper monument.

It is fine, of course, to own an imposing structure. The New York *Times* and the Detroit *News* have them. But these papers have been great money makers and therefore can afford such luxuries.

When a newspaper reaches the stage of development that has been attained by the New York *Times* and the Chicago *Tribune*, the business has become more than a newspaper business. Take the *Tribune* for example. The *Tribune* has an affiliated syndicate service, the Chicago *Tribune*-New York *News* Syndicate, Inc., selling to many newspapers of the nation; it has WGN, powerful radio station, and its own newsprint manufacturing company. Thus such institutions as the *Times* and the *Tribune* have evolved into the big business class.

The *Tribune* has its printing plant in a typical factory building, but in front of that is one of the world's most beautiful structures which is used for office purposes.

If a beautiful structure such as that of the *Tribune* is built, it seems the wise policy not to make the building exclusively a newspaper monument; the costs are too high. If the beautiful building can be used for other purposes as well, then the monument type of building may be all right for the paper that is reaping the financial rewards of many years of sound business building.

The Des Moines *Register* has an excellent office building, beautiful in architecture, and serviceable for newspaper produc-

tion as well. It is located in the center of the city, but the fact that it is not an exclusive newspaper building makes for reasonable rental charges for the paper's plant.

If the principal buildings of a small city are three or four stories in height, a newspaper, if located in one of these buildings, will not likely occupy the entire space. If the newspaper occupies a two story building, just large enough for its own purposes, it is unwise to crowd newspaper production so that part of the building can be rented for other purposes. It is safer for the newspaper owner in the small city of 10,000 to 25,000 to have his plant off the main thoroughfare, if he uses the building for newspaper purposes exclusively. If he has an imposing structure in the main part of the city, he should probably form a separate building corporation, renting part of the building to other users.

A Well Designed Plant

In building a newspaper plant or in remodeling an old newspaper building, special attention should, of course, be given to the design of the plant and the location of the various types of machinery. Inasmuch as each newspaper plant is a problem in itself, it is well for the publisher to call in for consultation an efficiency engineer from one of the type foundries or printing press manufacturing companies. In the case of at least one or two concerns of this kind, the expense of the engineer is borne by the company furnishing the type equipment or machinery, as a part of the service given by the organization selling equipment to publishers.

Many newspaper plants are in old buildings where little provision was made in the beginning for either growth or efficiency.

Since a newspaper office is essentially a manufacturing plant, its product should flow through the plant in as near a straight line as possible. Copy of all kinds should pass first to the composing room, then to the stereotyping room, if the stereotyping process is used, and hence to the pressroom by the shortest possible route. Detours, even unnecessary steps by workmen, should be carefully avoided.

In some plants the editorial rooms are on the top floor, the composing room either adjoins the editorial department or is directly below it, and the pressroom is on the first floor or in the basement. The mailing and delivery rooms lie next to the pressroom so that papers can easily be delivered to mail wagons or newsboys.

For a long time it was considered important that the linotype operator should have his back to the light. This arrangement is essentially wrong, especially in larger plants, for the reason that the operators should have their backs to the center of the room so that the foreman can easily see the progress being made by each operator.

The idea that the light is better with the operators' backs toward the windows is really a fallacy because in the larger plants daylight alone is not sufficient for operation of the plant. If both daylight and artificial light are used, a glare is made on the keys of the linotype causing an unnecessary strain on the operator's eyes.

The composing room is one of the most expensive departments in the newspaper business and there is consequently a tremendous loss involved in any careless management. If materials are scattered, there is failure to concentrate operations for the employes. Loss is apparent, too, when employes are without sufficient material at the time it is wanted. Forms in some country offices are justified by the use of little sticks instead of the right sizes of leads and type furniture.

In many ways the production of a newspaper is a continuous process; in other ways, it is a repetitive process, especially in the pressroom where it is merely necessary to turn out the requisite number of papers each day. Then, too, the newspaper as a product of manufacture should be regarded as any other job going through the plant. If every possible step is not saved, or if material must be transported unnecessarily, there is waste.

A layout is truly economical only when complete utilization of the building and grounds is effected; however, efficiency avoids the parsimony of condensing equipment to such an extent as to produce a cluttered shop with its hindered movements

of workmen and its constant rearrangements in order to give proper freedom of movement.

Well Defined Policies

A newspaper, like any other business organization, needs a well defined business policy. If the company's stock is closely held, the owners can be in intimate touch with the affairs of the publication. In case the principal owner has controlled the paper for years and then retires from active management, he should be certain that his subordinates are capable of conducting the property with the same personal interest that he would use were he in active charge.

Often in American newspaper history, publications held in one family for many years have, in the life of the second and third generation of owners, become inferior properties because of the lack of attention from the actual owners. In our day with its many movements and cross movements of politics, with the advent of the chain paper, with the necessity of considerable capital and unexcelled executive ability, the independently owned newspaper must constantly watch its progress, check its business records closely, and adjust itself quickly to new conditions and business trends.

Too often in the conduct of the American daily, business methods have not been certain, editorial policies have not been sound, and circulation has not been cultivated intensively.

Editorially, the newspaper must keep in step with the times and be alive to the changing currents of political thought. This does not mean, of course, that the newspaper must change its fundamental policies with every gust of the wind; it does mean, however, that newspapers must be continually aware of changes in public thought and custom. Some papers are not alive to the modern demand for more progressive ideas. The difficulty is not that these papers deliberately oppose progressive political tendencies, but that they are too hide-bound to open their eyes to the need for the elimination of many fundamental wrongs in our political and industrial system.

Frequently there are alignments of opposing factions of the same party in state or municipal politics. Unless the newspaper

is fair and open minded, it is likely to determine its immediate policy on old ideas and prejudices, instead of on close observation and accurate weighing of present conditions. The editorial staff, particularly the staff that decides the policies of editorial expression, faces the constant problem of knowing public demands and of realizing that oftentimes reforms are pushed not by the public, but by special interests with the will of the majority far from their minds.

To know the right news policy is likewise essential. Within the few years following the World War there was an epidemic of feature and syndicate material, all of which was perhaps useful; however, some editors, seeing that features were in demand, bought feature services without really weighing their merits. Even in the case of good features, editors have made mistakes, for something that would be an extremely interesting and circulation pulling feature in Chicago may be entirely inappropriate for Boise, Idaho.

The editor should know the power of features in building circulation, but he ought to determine judiciously what features and how many can be carried in his publication. Too many editors are "playing" syndicated features instead of working to the limit their greatest asset, local news and local features. The editor should have a policy, clearly outlined, as to the proportion of outside features, local news and local features, and pictures. Cartoons must usually be purchased through the syndicates. If they are to be of high quality, the expense of producing them for individual use is prohibitive. This same rule holds of certain other features; but an important consideration is that local features will frequently develop reader good will, while syndicated features are wholly unrelated to the local community.

This does not mean that the value of all syndicated features is to be discounted. Some features have been sufficiently standardized to make their use of real value in practically any daily. For instance, the health and beauty features are standard, as are also the bedtime stories.

Editorial policy should be well defined in the matter of the editorial budget and the size of staff. In too many cases the

publisher gives attention too largely to the business side, failing to realize that his product is editorial in nature. A publisher must not allow his product to deteriorate in value.

If the paper is published in a community where there are several classes of people; for example, steel workers on the one side, business and professional classes on the other, should the publisher cater more to the workers or to the business class? If the newspaper is published in a city with manufacturing and mercantile interests and with large agricultural resources in the trade basin surrounding the town, should the publisher neglect his agricultural news possibilities?

The answers depend on the size of the town. In the larger cities demarcation of policy in respect to different class appeals is possible; but in the smaller towns and cities the daily newspaper publisher should consider his newspaper as a product for the entire community and trade basin.

In the early days advertising was almost entirely a side issue with the American newspaper. Gradually advertising as an effective factor in the distribution system of the country became more generally recognized and to-day that which was a by-product, is a far larger producer of direct revenue than any other service performed by the newspaper.

Naturally the publisher, in determining his advertising policy, must consider the effectiveness of his advertising as a means of producing business for the advertisers. Formerly the publisher failed to appreciate his economic function in the distribution of merchandise; to-day his approach to this problem is more intelligent. Once the publisher felt that he was selling merely white space to any one who wished to buy; to-day he realizes that he is not only selling white space but that he is selling his circulation for the presentation of merchandising messages.

Organization of a Large Daily

The organization of a newspaper, showing the divisions of the business, the various executives, their duties and responsibilities, and the assistants, is well shown in the outline here presented, which is typical of the organization plan of newspapers with a circulation varying from 50,000 to 500,000 daily:

TYPICAL NEWSPAPER ORGANIZATION

Departments	*Titles*	*Duties*
EXECUTIVE	Publisher	In charge of policies and management.
	General Manager	Supervision of all departments.
	Auditor	In charge of accounts and collections for general business.
	Cashier	In charge of routine banking arrangements, payment of accounts and pay roll.
	Purchasing Agent	In charge of all purchases of supplies on requisition.
EDITORIAL	Editor-in-Chief	In charge of general editorial direction of editorial and new policies. Chairman of board of editorial writers.
	Managing Editor	Responsible for gathering and presentation of all news and features.
	Night Editor	Responsible for final details for late editions taking place of managing editor. Supervision of make-up of all regular editions after 9 o'clock.
	News Editor	General supervision of covering news events and their presentation.
	Cable Editor	In charge of news received by radio and cable.
	Telegraph Editor	In charge of news received by wire from distant parts of the country; with assistance handles press association copy.
	State Editor	Supervision of special correspondence from all points within the state.
	Sunday Editor	Responsible for special Sunday features, art, etc.
	Art Editor	Supervision of pictures.
	City Editor	In charge of all news breaking in city and suburbs.
	Night City Editor	In charge of news in city and suburbs after regular city editor has completed regular trick.
	Sporting Editor	Handles all special news for sport pages.

TYPICAL NEWSPAPER ORGANIZATION—*Continued*

Departments	*Titles*	*Duties*
EDITORIAL—*Continued*	Financial Editor	Handles all special financial copy.
	Society Editor	Society news.
	Other Special Editors	In charge of automobile, real estate, radio, literary page, woman's page, and the like.
	Librarian	In charge of reference library and morgue.
ADVERTISING	Advertising Manager	Supervision of handling of display advertising. Is closely related to advertising agencies and special representatives.
	Classified Manager	In charge of classified advertising department.
CIRCULATION	Circulation Manager	Handles all circulation and circulation promotion.
	City Circulator	In charge of circulation within the city.
	Country Circulation Manager	In charge of circulation in country and suburbs.
	Circulation Promotion Manager	In charge of special circulation promotion.
	Mail Room Superintendent	Handles delivery of papers to out of town subscribers.
MECHANICAL	Foreman Composing Room	Directs composing room which handles both news and advertising.
	Foreman Stereotyping Department	Directs making of mats and plates.
	Foreman Photo Engraving Department	In charge of technical reproduction of pictures and art.
	Foreman Pressroom	Directs work of pressroom; responsible for efficiency of printing press.

On the following three pages are given two organization plans, one for a typical small city daily, and another for a weekly newspaper. In the latter case the flexibility of the staff should be particularly noted.

Organization of Small City Daily

Population: 7,000 to 10,000 Circulation: 3,500 to 5,000

Positions	*Duties*
Publisher	Directs policies of all departments; represents the newspaper as an institution in the town and attends meetings of associations of which the newspaper is a member.
Business Manager or Advertising Manager	Primarily in charge of all advertising; handles major local accounts and on foreign advertising cooperates with the special representative.
Advertising Manager or Assistant Advertising Manager	Solicits local advertising accounts and assists Business Manager.
Editor	Writes editorials; handles major local stories, especially politics; supervises other members of editorial staff; edits copy as time permits.
Telegraph and City Editor; Head of Copy Desk	Edits press association copy, as well as all local copy; in cooperation with the Editor makes up the paper.
Sports Editor	Reports sports events in town, public school system, and neighboring territory; may write sports column and promote such events as marble contests and softball leagues.
Society Editor	Reports club and society news.
Reporter	Covers Main street, railroad station, county court house, city hall, and business district.
Bookkeeper	Responsible for all accounts and records; under direction of Publisher supervises classified advertising.
Circulation Manager	Manages delivery of papers, and looks after newsboys; works on circulation collection.
Country Circulation Solicitor	Solicits subscriptions and makes collections in country districts; also reports any special country news or features of which he hears.

Positions	*Duties*
Office girl	Handles circulation records, waits on callers who may wish to transact business; stenographer.
Proof-reader	Reads proof for both news and advertising; solicits one or two advertising accounts.
Foreman Mechanical Department	In charge of composing and press rooms; works on advertising and assists in closing forms; breaks down forms and redistributes type other than that melted.
Three or four linotype operators	Run the composing machines.
Pressman	Runs the press and assists either at one of the composing machines or hand-sets ads.
Apprentice	Assists generally in back room and acts as janitor.
Sixteen carrierboys	For afternoon delivery of papers in city and adjacent area.
Sixty-one Country Correspondents	Cover the entire country district within radius of twenty to twenty-five miles.

In some cases the positions of Editor and Publisher are combined; when the circulation is near the minimum of this class of papers, the assistant advertising manager may be omitted, and the general reporter can be used to cover local sports, perhaps with the part-time assistance of a high school boy. The positions of office girl and proof-reader may be combined, if volume of business so dictates.

Weekly Newspaper Organization—Star News, Medford, Taylor County, Wisconsin. City 1,916, County 17,500 pop. Press run 3,500, credited paid circ. 3,185.

Positions	*Duties*
Owner W. H. Conrad	Writes short editorial column, field notes column, national and world digest column, and occasional story; in general specializes on circulation; collections.
Office Manager	Keeps books, supervises collections, supervises news, edits correspondence, handles printing that comes without solicitation; in general in charge next to owner.
Advertising Manager	Practically all time on advertising; solicits some printing; writes two things: his column stimulating want advertising, and the files of 10, 25, 50 years ago; collects a little; his column is initialed for him.
News Editor	Writes large part of local copy, including short locals and what little society there is in small town; has own column under own initials; is exclusively on news.
Clerk	Writes letters for owner, rewrites news, advertising, or printing copy when necessary to rewrite; delivers printing; in general assists all four others in office.
Printing Supt. and Foreman	Both are responsible for output of the plant, with the foreman a little more responsible for the newspaper and the printing superintendent a little more for printing; both are linotype operators and printers.
Operator-Printer	Devotes most of time to operating linotype, but feeds newspaper press some. Also learning floor work.
Printer	Is about a "two-thirder"; can handle most small printing jobs; learning linotype operation.

NOTE: "To supplement the back shop force: four of the five of us in front office have printing experience and, barring machinery breakage, could get out the paper mechanically if necessary. In a small town where no other printer help is available that is a big item in case of rush work, sickness, or vacations.

"We work 5½ days of 8 hours, but our linotype machine averages 10 hours; I favor having several able to operate: of the nine of us, two are fast operators, one good, one medium, and four have operated a little, leaving only one without some linotype knowledge."—W. H. CONRAD.

The organization chart illustrated in Figure 4 shows a slightly different form of newspaper organization.

Editorial Organization

The editorial organization of the daily newspaper varies in accordance with the size, location, and function of the paper. If the city of publication is small but if the circulation of the particular newspaper covers a wide retail trading radius, the editorial staff should be larger in order to meet editorial requirements than would be needed by a paper in the same sized city but having a smaller retail trading radius.

Primarily, the editorial department of a newspaper serves three functions, the gathering of the news, the selection and editing of the news, and lastly, the interpretation of the news of the day or the moulding of public opinion, as this function is so often called.

In the smaller cities of 25,000 to 50,000 population, the publisher many times carries the title of editor, directing the policy of the paper and supervising its editorial output.

Papers of this class, in the cities near the top of this division, could perhaps have more staff workers. But the editorial personnel would usually include the managing editor, an editorial writer, the city editor, assistant city editor, the telegraph editor, the society editor, a reporter who devotes his time largely to handling sporting news, a city hall reporter, a county courthouse reporter, and two general assignment men to cover general news, including the post office, railroads, lodges, business houses, police and fire news.

Larger papers naturally increase the size of the staff to meet conditions.

Small city papers with a circulation around 3,000 usually have just a managing editor who acts as chief copy reader, make-up editor and part-time editorial writer, a city editor who edits local copy, as well as handles special stories, a society editor, who also handles routine news, and possibly one other reporter, depending upon the size of the publication—that is, upon the number of pages printed on a daily average.

In the case of the local newspaper with a circulation of be-

tween 3,000 and 4,000, the staff is often too small, for some managers neglect the particular field that is more valuable than almost any other asset, that of local news.

Too frequently a small daily plays only enough local news to fill part of the first page and the space left on the second page after the personals and society news have been taken care of in part. Clearly this practice is a mistake, for any town of 10,000 to 15,000 teems with local news and local features that are better circulation builders than many outside features. However, with just a small staff it is not possible to devote much time to building special news stories and features.

On a paper in the 3,000 circulation class, as well as on larger papers, correspondents must be used for the outlying news. In forming the editorial organization, attention must be given to the proper training and supervision of these correspondents, for in this day newspaper readers are better educated and demand better presentation of news.

Too frequently a small newspaper obtains the services of one or two inexperienced high-school boys who are lacking in professional training and in experience in gathering and writing news. While these young men often make good, too much responsibility must not be placed on their shoulders, for they have not had the experience necessary to forceful, aggressive, well-rounded newspaper making.

In cases where a small newspaper has the pony service of any of the press associations, provision is always made for someone in the editorial office to handle this news. One Ohio newspaper uses a stenographer from the business office to take the pony service in shorthand and then to transcribe the notes into copy. This plan saves time for a small editorial staff.

On larger dailies the editorial staff varies with the demands of the publication. On a paper with between 100,000 and 200,000 circulation, the managing editor gives practically his entire attention to executive duties. Under him is a news editor, under whom are the city editor and the telegraph editor. Coöperating with the news editor, and lying between the managing editor and the news editor in importance, is the make-up

editor. This type of editorial organization, used on the Detroit *News,* does very well for the large afternoon newspaper.

In the morning field, because of the fact that the day is spread more nearly over the entire twenty-four hours, instead of being confined to the period between 6 o'clock in the morning and 5 in the afternoon, there must be a different type of organization.

In large morning newspaper organizations there is a night editor who usually stays to see the paper through until well after late editions are off the press. To handle the long day there are two city editors, one a day city editor and the other a night city editor. There must be perfect coöperation between the staff of the day city editor and that of the night city editor.

Much in contrast to the small daily paper, the city newspaper of large circulation and resource enlarges its organization to include special departments, most of which have from two to ten persons employed.

On the larger paper, too, there is need for a cable editor who holds much the same relationship to the managing editor as do the city editor and the telegraph editor. Then there are the special departmental editors, such as the society editor, the sporting editor, the Sunday editor, the dramatic and music critics, the art editor, and the cartoonist.

Some metropolitan dailies have special correspondents in foreign cities and men subject to assignment in the United States; these men usually work under the direction of the managing editor.

On papers dominating in size and importance their respective territories, there are state editors, whose duty it is to build up and maintain a staff of special correspondents in hundreds of towns and cities of their states.

Newspapers obtain their special news from the press associations and from other newspaper men acting as correspondents in the state capital, the national capital, and in case of a paper not in a county seat, from a correspondent in the county seat.

Figure 5 shows the organization chart of the Detroit *News.* The routine in the editorial departments of morning and

afternoon newspapers may be appreciated in a study of the following outline:[2]

ONE DAY'S ROUTINE, MORNING NEWSPAPER

9 A. M.—Assistant day city editor arrives; prepares way for day city editor by looking over City News Association matter that already has begun to arrive through the pneumatic tubes; by clipping follow-up possibilities from all morning papers; by receiving tips and reports over phone wires; by reading telegrams and left-over Associated Press matter, if any, for wire stories with Chicago angle. If "big" story pops, he summons staff men, photographers, and executives. Generally keeps watch and sees that no news gets away until day city editor arrives.

9:30-10 A. M.—Day city editor takes charge. Receives tips and story material from assistant; looks over "futures" book or file for other story possibilities; jots down own ideas of good stories for day; makes up tentative schedule of day's news from material at hand, to be added to each time new story breaks; scans all telegrams and news reports received and all the afternoon newspapers; receives tips, passes on them; decides on personnel of reporters who are to "cover" stories on his schedule; prepares to assign photographers, etc.; keeps running summary of news for other executives who will report later. One or two reporters and photographers may report at this time for early emergency assignments.

10 A. M.-1 P. M.—News material continues to pile up from City Press; from tipsters; from reports by wire, cable, and radio. Story possibilities continue to grow, and tentative schedule continues to change as early stories fall down or are discarded for better ones that break later.

1-1:30 P. M.—Staff reporters arrive to begin day's work. Certain ones who have "beats" get the benefit of the material on hand affecting these "beats" and the stories upon them, then leave; reporters handling policy, crusade, or other special stories get instructions and leave; general assignment men are given their assignments from day city editor's schedule and depart to cover them. Photographers also get assignments and leave.

3:30 P. M.—Associated Press and United News reports begin to arrive; reports are in mimeograph form.

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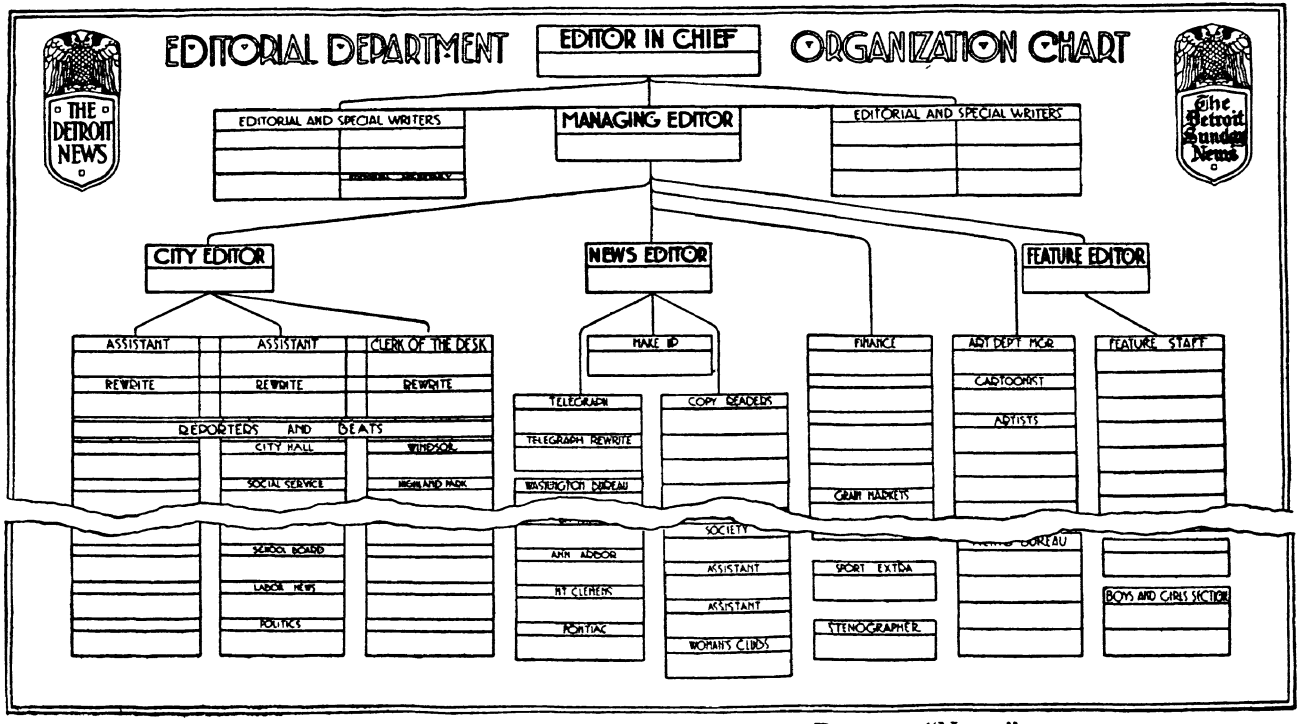


FIG. 5. EDITORIAL ORGANIZATION OF THE DETROIT "NEWS"

1:30-6 P. M.—Day city editor keeps at least one staff reporter, generally the newest man, in the office for emergencies; also has at least one photographer, and perhaps one rewrite man. News reports pile up; number of afternoon papers to analyze grows; scores of persons visit office to offer stories and pictures and transact various kinds of editorial business. Reporters out on beats and assignments call up to report that stories have collapsed; or that stories are even better than it was believed when they were scheduled; or that a photographer is needed; or that a brand new story has broken. Each change in the news map is marked by change in the day city editor's schedule and his space allotment. Day city editor is aided by his assistant every step of way as volume of news business grows.

4:30-6 P. M.—Managing editor and assistant, city editor, head of copy desk, copy readers, and rewrite men arrive for night's duty. Day and night force executives get together and "connect" their work; day city editor explains in detail schedule of stories and pictures that has shaped up; conference cuts down space on some, expands it on others and arranges reserve space for new stories that may break during the night; telegraph and cable editors look over news reports that have arrived thus far (having previously read all afternoon papers) and formulate their own schedules, separate from day city editor's schedule of Chicago and suburban news; these schedules also are reviewed; make-up editor takes copy of all schedules, city, telegraph, and cable, drawing up big sheet which lists every story and every picture, and allots space to it. Foreman of composing room, who is in charge of space allotment for ads, gives figures on probable total of ads; make-up editor cuts down or increases news space according to ad space, on basis of 60-40. City editor takes helm of city room; cable, telegraph, and local news copy readers begin to edit copy.

7:30-8 P. M.—Foreman of composing room gives make-up (or news) editor complete outfit of page schedules for entire paper, each one bearing diagram of ads to go upon that page, together with statement of depth of ads in agate lines. Make-up editor now figures exact news space, almost to an agate line, and proceeds to designate on his own page schedules, which he draws out, where each news story is to go. With his news schedule before him, he assigns each story and each picture its space; then the managing editor and possibly other executives examine the page "dummies" and after that they are sent to the composing room, where they serve as a hard-and-fast guide for the printers who make up the pages.

8:30 P. M.-1:30 A. M.—Copy desks and staff in action; incoming and outgoing telegraph wires clattering; messengers coming and going; pneumatic tubes clicking; news being written, edited, and set up in type; proofs arriving at managing editor's desk, where they are read by managing editor, or assistant, and make-up editor; two or three editions, replates, and extras going to press; new stories breaking and reporters rushing out to cover them.

1 A. M.—Copy reader who serves on late watch arrives. He is variously known as "dog watch man" and "lobster trick man." One office calls him the "sunrise editor."

3-4 A. M.—Various news executives call it a day and leave for home; only sunrise editor, two or three police reporters, and skeleton force of printers, stereotypers, pressmen, and circulation men are left. They keep watch over the world of news, getting out extras and replates as big stories break, until 9 A. M., when the assistant to the day city editor reports.

One Day's Routine, Afternoon Newspapers

6 A. M.—A make-up editor, assistant city editor, assistant telegraph editor, a rewrite man, and two or three reporters come on duty. This is necessary for the preparation of copy for the first edition, which goes to press at 8 A. M. or thereabouts. An intelligent boy (or one of the reporters and sometimes two of them) sets at work clipping the morning newspapers. By the time this is done the assistant city editor has the night and early morning copy of the City News Bureau report assembled. The assistant city editor then assigns part of the City News Bureau copy and the clippings to the reporters and the rewrite man to be rewritten from an *afternoon paper's* point of view. Usually a new lead can be found at the bottom of a morning paper's story. In other cases a new lead is secured by new developments coming from the news bureau, the police reporter on duty at central by this time, or by calling up on the phone, as in the case of stories about victims of murders, robbers, fires, etc., where the victim does not die until after the morning papers have put their last edition to press and before the afternoons get their staffs into action. The rewrite men write any stories telephoned in by the police reporter.

7 A. M.—Five or six more reporters and all of the copy readers, with the exception of one each from the telegraph and local desks arrive. Any stories needing immediate attention are assigned by the assistant city editor, who then dishes out to the remain-

ing reporters not engaged what is left of the morning paper rewrite. (*Note.*—If a whale of a yarn is flashed from any source whatever at 6 A. M., the assistant city editor always assigns one of his two available reporters.)

7:30 A. M.—The city editor arrives. He learns hastily what is going on and leaves the assistant city editor with the preparation of the first edition while he notes new or follow-up stories for assignment. He begins assigning and keeps in touch with assistant city editor for new stuff coming in which will be worth assigning.

8-10 A. M.—Additional copy readers, make-up editors, news or managing editors arrive. Amount of space for all news assigned by that time. Telegraph editor and his men keep right on handling news as it comes in or as it is scheduled by correspondents, being careful to reserve exclusive news for the Home Edition, which goes to press about 12 o'clock (noon) with a replate at 1 P. M. The afternoon edition, which goes to press about 10:30 A. M., is only a little better than the first edition, having a few more new stories and a few headlines; the front page now resembles the Home edition, and the "ear" may state that it is a "Home" edition, or that it is an "Afternoon" edition. The city editor keeps track of his assignments and adds to his assignment sheet while the assistant city editor gets the afternoon edition out of the way and assists the city editor in directing the activities of the staff, which is out on its assignments.

10-11 A. M.—Members of the staff begin calling in by phone or returning to the office. Those calling in usually have story to give to rewrite man, the reporter finding it necessary to remain on the scene of activities for further developments. Those returning to the office report in a few well chosen words the result of their work and are assigned to write a story, the length of which is determined by the city editor, according to his space limitations and his judgment of the story's worth. The reporters who have "cleaned up" their assignments by 11 A. M. are usually kept in reserve in the office to do additional rewrite or are given another assignment for later editions.

12 (noon)-3 P. M.—The replate of the Home edition, and the Star Home edition, usually called the 10th and sporting editions, are the next in order. In the Home edition, practically all of the morning paper rewrite has been thrown out and in some cases where new developments occur, they have undergone a complete change. Stuff that was new in the two early editions has either been relegated to a back page, with an early closing

deadline, not to be unlocked again that day or has been thrown out altogether. In the Star Home edition, about five or six pages are re-opened. These with sporting news and fresher news. After the Star Home edition only sporting results and not general news can get into the paper. The men who came to work at 6 A. M. go off at 2 P. M. Those coming in at 7 get through at 3 and so on. Reporters coming on at 9:30 and 10 A. M., are either assigned to stories running from edition to edition until 5 P. M. or are given feature assignments to be obtained and written before 6 P. M. in readiness for the next day.

3 P. M.-6. P. M.—The day is practically over. One of the make-up men who came on at 10 A. M. is now in charge of the "lobster shift." There are two or three sporting "editions," which are really only replates. The late make-up man is the editor-in-charge of all the news except sporting. Two copy readers and a rewrite man, with possibly two or three men on the outside, working on running stories, make up his staff. The City News Bureau and the Associated Press furnish him with whatever other news he stands in need of.

The Hearst afternoon papers have few writing reporters and the above would not be an accurate account of what transpires in a Hearst office. They have a larger staff of rewrite men, who write the news that the reporters phone in. The reporters are switched back to the city or assistant city editor by phone and are re-assigned without coming into the office.

Business Staff

In most cases the principal owner handles the administrative work of the newspaper, leaving a large part of the supervision of detail to the general manager or business manager.

The business administration of any newspaper must necessarily have three principal divisions: the general office, including the financing, purchasing, and accounting; the circulation department, including the subscription, mail, suburban, and city distribution, as well as the supervision of the motor trucks, wagons, and other means of placing the newspaper in the hands of the reader; and the advertising department, which is likely to include the research department.

The advertising department comprises three sub-departments or divisions, the local advertising division, the foreign, national or general advertising division, and the classified division. On

most newspapers each of these divisions is known as a department. In each of these sub-departments there are clerks, solicitors, and a manager. In obtaining business the national advertising department coöperates and establishes liaison with the special representatives, who solicit advertising accounts in cities other than the city of publication.

Under the national display department, a special division might well be organized, as has been done by some papers, for the creation of new business. The reason for this special division is that the publisher of a great newspaper does not feel satisfied in obtaining merely the business that naturally comes to it. The newspaper administration feels that the real test of the force and usefulness of its advertising columns is measured, in part, by the number of new accounts that can be obtained.

If a newspaper owner wishes his property to be a continual source of dividends, he must fight for business, just as he must continue ever to strive to make his publication a good editorial product.

In view of the newspaper owner's position in this light, it is clear that his organization must constantly look for new accounts and new ways of giving service to both old and new advertising clients.

In the first place, the publisher should be careful to choose the right type of advertising manager, for this man, more than any other in the organization, is responsible for bringing in business. It is true that the editor and his editorial staff must produce the right kind of product and the mechanical department must manufacture a neat, attractive piece of merchandise, but the best of products often fails to find a market because the right kind of aggressiveness is not displayed by the sales manager.

The advertising manager is the sales manager of the advertising department; and as such he must either market the space himself or, if his paper is large enough to require advertising solicitors, he must direct his men in an effective campaign for business.

On a small publication the advertising manager, with the aid

of an office assistant, can probably look after the national advertising, especially if the paper has a live special representative in the two best advertising markets in the country, New York and Chicago. Then there can be three or four advertising solicitors who go after local business. The number of solicitors depends upon the size of the circulation, the average volume of advertising, and the competition.

The larger newspapers need to have special workers to care for local advertising, national advertising, and classified advertising. Even on a small daily there should be at least one person giving his undivided time to the upbuilding of a new business, service, and merchandising functions. There should be at least one advertising solicitor besides the advertising manager, one girl to take charge of classified advertising, and one stenographer or office assistant to aid in carrying on the office work and in taking some of the burden from the shoulders of the advertising manager. Such an organization as that just mentioned would do only for a small city paper with a circulation around 3,000 copies daily.

When the circulation goes to 10,000 then there is an opportunity to develop the organization for more effective campaigning for business.

Even if a newspaper has a small circulation there should be a special representative in New York and Chicago to solicit foreign business or more properly speaking, national advertising. Some publishers feel that the commission that must be paid to these special representatives, who usually have a number of publications on their list, is too large in proportion to the value of the business obtained. Other publishers feel that, instead of developing outside business, more attention should be given to the development of local business.

While it is true that every attention and effort should be given to getting and holding local advertising, the publisher is neglecting an opportunity if he does not seek with all his energy his legitimate share of national advertising.

To justify this statement, it might be noted that national advertisers are able to produce the best and most effective copy, as a general rule, and that the national advertisers wish in

every possible way to tie up the national advertising with the local retail outlet. This is fundamental, for advertising without distribution is bound to fail, as will be explained in a later chapter.

In the larger daily, a special department of the advertising division of the paper should be devoted to coöperation with the special representative in the effort to obtain as much national business as possible.

In this work on the larger newspaper, the national advertising department should work in close harmony with the merchandising or data department. In fact, the merchandising or data department usually furnishes the ammunition for the campaign to get national advertising.

The advertising manager must first see the national business; he must see that one local clothier, for example, is carrying a brand of nationally advertised clothes and that that local clothier is not using to advantage the electrotypes furnished him by the clothing manufacturer.

Such a situation calls for effort by both the national advertising and local advertising departments to convince that clothier that more and better advertising will increase his volume of business, will cut down his overhead expenses, and give him more frequent turnovers of his merchandise.

The men in the national advertising department can place in the hands of their special representative information about the possibilities of advertising in a particular community. The special representative can carry the idea to the advertising manager of the clothing manufacturer, as well as to the advertising agency handling the clothing manufacturer's account. Through such concentrated effort the clothing manufacturer may be convinced that pressure must be brought to bear on the local merchant handling his brand of clothing.

The result will naturally be that the salesman of the clothing manufacturer who visits the town will be instructed to show the merchant that local advertising should be done systematically. Unless the clothing manufacturer is successful in convincing the merchant, it may happen that the clothing repre-

sentative will seek another merchant in the town to handle his line of merchandise.

As newspaper advertising men are aware, oftentimes the manufacturer furnishes the copy in electrotype form to the merchant, and this copy is much better copy than the merchant himself could produce. In many cases the manufacturer defrays part of the local advertising expense, because he is as eager to have his goods "move" as the local merchant could possibly be.

It is apparent that because of this tie-up the national advertising department of the newspaper has more than one means of developing the local outlet for national advertising. Moreover, the local advertising man can also advise the merchant as to the best means of tying-up his advertising with direct mail and outdoor advertising.

In endeavoring to educate the local merchant, the newspaper advertising force has the advantage of previous experience, both their own and that of others, in both the newspaper and merchandising fields.

It is the advertising man's business to learn the best ways and means of getting business and then file these ideas for future reference.

As an example of effective organization work, the case of a North Dakota merchant might be cited. This man saw that national advertising was having practically no effect in his community. He sensed the problem and then took his plan to the manufacturers, who were, of course, only too happy to coöperate.

Copies of national advertising appearing in magazines were reproduced for direct mail use in his town and surrounding territory. These reproductions were used with personal letters from the merchant.

While this plan was effective, the effort might have been even more effective through the use of local newspaper copy supplementing the national magazine reproductions which were sent to customers by mail.

Many merchants have hundreds of cards and dealer helps lying in the basement or in the storerooms of their establish-

ments, gathering dust instead of being used effectively for increasing business.

The national advertising solicitor, in working out these problems, must coöperate with the local advertising solicitors; in fact, in a small daily the work is really one effort instead of two, as may at first appear.

In sensing coming national advertising campaigns, in telling his special representatives and the advertising agencies about his local market—for that is what he is in reality trying to sell—and in coöperating with the local advertisers in working out effective plans for "cashing in" on national advertising, the man in charge of national advertising has a large order. It takes a real business man to see and to obtain an important share of this business.

The Advertising Executive

The advertising manager must be a man with a literary as well as an economic sense. He must have business vision and be well qualified to direct his force of solicitors enthusiastically.

In towns where there is keen competition the advertising manager must be ingenious enough to originate sales contests so that in every way the hearts and minds of his men will be captivated in the interests of the newspaper.

While it is not necessary that he be a skilled writer, it is often of great advantage if he is capable of writing accurate, vigorous, effective copy. This is especially true of the smaller newspaper, if that paper is to be of the greatest service to its patrons. In any event, the advertising manager must be able to appreciate advertising English and, furthermore, he must be able to hold the quality of his advertising pages on a plane equal, at least, to that of the editorial side of his publication.

His editorial capacity must be such that he can appreciate the good copy points as displayed in the work of other members of his staff. He must be able to appreciate good ideas and suggestions both from his staff and his advertisers.

And what is equally important, he must have an artistic sense.

He should appreciate type values, the power and the limitations of typography, illustration, ornament, and the like.

Research

Perhaps one of the most important developments in recent years, as far as the newspaper advertising department is concerned, has been the building up of the merchandising and data services of the business staff.

In the early years of American journalism the advertising problem was a simple one; the newspapers to a large extent took what copy came their way; the papers did not go out of their ordinary road for business; for the editors and owners were editors to a far larger degree than they were business men. There have been exceptions, of course. And it must be remembered that great editorial ability has its distinct advantages, both in setting a high editorial standard and in producing a good product, without which there could be no sale of either advertising or circulation.

Another reason for the former policy of accepting just what business came to the paper was the lack of pressure of competition. To-day all this is changed. Newspaper production expenses have emphasized the need for more business, if profits are to be made year after year.

Under pressure of rising costs, competition, and the demand for better advertising service, newspapers, especially the progressive ones, so far as possible have organized merchandising and data or research departments.

In a research department effort is made to survey the market in a particular city and then to compile the facts for publication. This publication is then used in presenting the case of the newspaper before the advertiser and the advertising agencies.

Usually, on the smaller newspaper, one man may be detailed to look after this work; on the larger newspapers a force of men and women may be constantly employed in gathering data for the use of the advertising solicitors.

A research department may produce an effective promotion book illustrated with charts and pictures. Such a book may tell something of the newspaper, its editorial standing, its his-

tory, its service to the community, its advertising campaigns, and the advertising successes made possible through use of its columns. The book may contain endorsements by advertisers, and, more essentially, data on the market, the buying power of the subscribers, and advertising statistics classified according to business.

Such a service reference book may list the editorial features and the responsiveness of its readers, if for no other purpose than to show the regard in which the readers hold the newspaper.

If the newspaper prints advice on medical science, the number of letters received in a day, month, or year may be noted. Other reader service departments may be treated in the same fashion, showing how much mail is received.

Figures on the value of the products manufactured and sold in a particular community, and the amounts of the annual payrolls, give the advertising space buyers excellent ideas on the buying power of the community.

Then, too, the story of the newspaper's service to particular business fields may be shown; for example, that the paper leads all competition in financial advertising or automobile advertising. This indicates that this particular paper is generally accepted as a satisfactory medium for advertising such products.

Comparisons of advertising volume in this newspaper with leading newspapers in cities of the same class may be effective.

The particular territory may be plotted by zones, showing the classes of persons who live in these zones. There may also be information about the number of various types of merchants, specialty shops, department stores, chain grocery and drug stores.

Just how far the research department should go in aiding the sale of nationally advertised products is a debatable question. However, it must be realized that the newspaper is in the newspaper business and that it has its hands fully occupied in placing before the public, and especially before its subscribers, the best possible type of newspaper. For this reason it is inadvisable for the newspaper, through its merchandising

service, to become actually the selling agent of any particular product.

If a manufacturer of a new "family" of soup and food products comes to the newspaper with the proposition that advertising contracts will be given on the condition that the newspaper guarantee the sale of so many units of the product, the offer should be refused. The newspaper is not engaged in the general sale of merchandise.

The newspaper could legitimately, through its research or data department, give helpful information about the city and the class of merchants who would be likely to accept the new article or articles, if advertising were placed with the local newspapers. One or more men from the data department could coöperate with the salesman in charge of the sales campaign. These men from the newspaper could direct the manufacturer's salesmen, advise them both in and out of their conferences, and go with them to the local merchants.

Before visits are made to the local merchants, however, proofs of typical advertisements in the proposed campaign should be prepared so that the local merchants can have some idea of just how extensive and how thorough the coming campaign promises to be.

The newspaper, in its effort to coöperate with the manufacturer, should not force the sale of goods to local merchants, for local merchants should know their own business; neither should the newspaper back the product unless it has faith in the merchandise. It is good policy for the newspaper always to have faith in merchandise before permitting it to be advertised.

In fact, the day when the newspaper advertising columns were regarded as an open market for the world is past. Stock cannot be sold on the New York Stock Exchange unless it has first passed the board of governors. In the same way, advertising offered the newspaper must not be accepted unless the newspaper is willing to stand back of the product.

Circulation

To some it may seem that the circulation manager is but a small cog in a great machine; but his problem of reaching the

maximum number of subscribers really entitles him to a place as a business executive.

In some cases the publisher is the real circulation manager, in others the editor is the actual circulation executive. Arthur Capper, publisher of the Topeka *Capital* and the Kansas City (Kansas) *Kansan*, while he occupies the position of publisher and while he devotes a large part of his time to executive and also to political duties, is a master circulation builder. Mr. Capper has proved this not only in the case of his newspaper properties but also with his farm papers.

In the Hearst organization, the late Arthur Brisbane, although ostensibly a director of editorial activities, was a powerful circulation builder. He appreciated the value of circulation, but more than that, he was able to initiate plans that increased circulation volume.

Any publisher should have, or at least should endeavor to develop, those peculiar abilities that aid in the circulation development of his newspaper property.

The actual administration of the circulation department falls directly upon the circulation manager. This individual must be an organizer, as well as an interpreter of the needs of his community. He must be a good salesman so that he can see the selling points of each individual edition, for only in so doing can he increase circulation.

It is true that some papers are more for the home than for street circulation, but even so, the circulation manager must appreciate in every edition those things that keep the paper sold to its subscribers. To meet competition he must know what will keep his paper sold to the old subscribers,, as well as to know what will sell the paper to new residents of his community.

The circulation manager's position is a much larger one than formerly, when it devolved upon him only to deliver the papers to the subscribers. To-day he must see the greater possibilities of his position and he must coöperate with the editorial and advertising executives of his organization.

Details of circulation department organization are given in a later chapter.

Promoting the Newspaper

The business office of a large newspaper would not be complete unless provision were made for promotion of good will.

A good-sized metropolitan daily has three divisions of its promotion department, although these may be only functions of other departments and therefore not given separate names. These divisions embrace institutional good will, advertising, and circulation promotion. Advertising and circulation promotion are discussed in the chapters on advertising and circulation.

The general building and strengthening of good will toward the publication is achieved mainly by giving the best possible service to both the reader and the advertiser. The editor of even a small daily should so organize his business duties that he can give some of his time to the civic opportunities that are open only to an editor. Of course, this does not mean that he should enter politics, although that is his privilege. Frank Throop of the Davenport *Democrat* once said, after a visit to the Iowa legislature, "When I visit Congress or the legislature, I am convinced that I prefer to make politicians rather than be one." Many editors feel the same way. Colonel William Rockhill Nelson, founder and former editor of the Kansas City *Star,* felt that the opportunity for a newspaper man was as great in his quasi-political relationships as in the acceptance of political honors either at home or abroad.

The director of a newspaper, be he either the active editor-in-chief or the publisher, has an opportunity, through his newspaper and outside his newspaper, to extend the paper's influence. If he does not do so he is neglecting the privileges that have been given him. The ownership of a daily newspaper is a trusteeship held for the public.

In this respect the publisher or editor of a newspaper discharges a quasi-public function. His service to his community, state, and country go a long way toward making his paper an institution of value—one held in favorable regard.

Naturally, this phase of newspaper directorship is largely an individual matter and much depends upon the personality of the editor or publisher. There are times, too, especially in

some communities, when it is necessary to direct an editorial course in opposition to popular demand; however, if the readers and advertisers of a newspaper know that the publisher is unselfish in his desires and honest in his convictions, little loss is to be feared from such a course.

Institutional Promotion

Besides the individual work of the editor and publisher, some newspapers have the benefit of definite promotion departments.

The work of such a promotion department is organized differently by different newspapers. One plan is to organize all promotion work on a functional basis, thus caring for the general promotion work, the circulation promotion work, and the advertising promotion work, as well.

The Des Moines *Register* and *Tribune,* combination morning and afternoon papers, maintain that what is sauce for the goose is sauce for the gander. For years newspapers have been trying to convince merchants that newspaper advertising moves goods, but some newspapers have been seemingly reluctant to utilize promotion for their own benefit. The *Register* and *Tribune* on the contrary have developed a functional promotion department, acting as an advertising agency for its own newspapers as its exclusive clients.

This aggressive Des Moines organization employs some ten persons. All institutional, circulation, and advertising promotion plans are handled, including direct mail, business paper, magazine, newspaper, and radio outlets. Several house organs are published under its direction.

Naturally, circulation promotion receives paramount attention, for circulation is an index of both editorial acceptability and advertising appeal potentialities. Forceful promotion gives the spark that keeps alive the successful newspaper; such promotion fosters profits.

It should be pointed out that the Des Moines *Register* and *Tribune* have no circulation built by premiums, subscriber contests or life insurance policies, making its circulation of unusual quality.

Des Moines, located in the center of Iowa, has a peculiar geographical advantage, which coupled with intensive carrier salesman promotion obviates the necessity of forced methods through premiums and contests; however, even the *Register* and *Tribune* utilize the contest idea in stimulating circulation through the carriers and teachers in the public schools.

The small city newspaper cannot afford such extensive promotion, but the publisher himself can carry forward the promotion function with the coöperation of his advertising manager and his editor, as well as his circulation manager when there is a separate executive in charge of circulation rather than a routine circulation manager or "office worker" of either the status of clerk or solicitor.

An interesting form of promotion is the coupon method wherein the reader of the paper signs a reservation coupon for a set of books such as the works of either Charles Dickens or Mark Twain, and then clips consecutively a certain number of coupons which when presented to the paper with a small sum, such as 37 or 57 cents, obtains one book of the set. In a set containing twenty volumes, the plan could be continued for a considerable period. Such a promotion plan of course embraces a tie-up with some organization which furnishes the books, published for such purposes.

Under the leadership of the Chicago *Tribune* and the New York *Daily News,* many smaller newspapers have coöperated in the promotion of amateur athletic contests, notably the Golden Gloves boxing contests. Dailies in numerous cities in coöperation with the *Tribune* and the *Daily News,* have sponsored in their respective cities contests, the winners of which in turn enter the main contests in either New York or Chicago.

It seems to the writer that the more newspapers can capitalize elements of showmanship in their promotion of the newspaper as an institution and in the better display of their wares, the more firmly established will be the newspaper. Such showmanship necessarily should be dignified and the publisher should remember that after all he is in the newspaper business, not show business.

Organization Morale

No organization can grow permanently unless there is a spirit of coöperation in the hearts and minds of every member of the staff, from editor to copy boys and delivery wagon drivers.

The same army, with the same equipment and the same rifle strength, can force itself far into the enemy ranks as did the German army early in the World War, only to be pushed far backward when its spirit of fight was gone.

What is true for any army is likewise true for a newspaper organization. The newspaper which has the closest coöperation of its workers, and which is able to show that it doesn't want to make money *off* its men but *with* its men, is the newspaper which will continue to live, serve its community, and continue to make a profit.

To-day the labor question is one that confronts all concerns employing numbers of men. In the printing trades the unions are strong and at times cause trouble and worry for newspaper managers. However, no sane newspaper owner would deny the rights of workmen to organize and to work through their organization for their own benefit and welfare. The only just position for the newspaper manager to take, is in favor of organized labor if organized labor is fair in its demands and is willing to give a fair day's work for a fair day's wage.

It is not the purpose of this book to discuss the labor question; however, the newspapers must recognize the rights of men to organize so long as these men do not invade the rights and privileges of others.

Yet this principle holds only for mechanical workers, according to the opinion of many leading journalists; they believe that for the news workers to affiliate with a labor union would be unfair. Such action it is felt would be akin to having the judges belong to a union when in practice these same judges would be called upon to decide cases involving organized labor. The point is made that reporters should be able to look at the news impartially and that if a reporter were affiliated with a labor union he could not do so. Notwithstanding the foregoing position, there is a marked need for some organization of edi-

torial workers, particularly on the professional basis. The Institute of Journalists of Great Britain has made a real place for itself and many believe that a newspaper organization for editorial workers in the United States should be patterned on the plan so successful in England.

Any employer, if he is living up to his obligations as a citizen and a leader, will coöperate with his labor forces. Labor has not always received a square deal. Executives must recognize their obligation to see the labor problem in the light of both human and economic values. The sociological side must be considered; men must be regarded not as so many cogs in the machines of industry but as human beings.

The problems that have distressed labor must be considered in a sincere attempt to find a solution.

What are the things that bother the worker? There may be many, but principally there are three: (1) the fear that he may lose his health and thereby be unable to continue his employment; (2) discontent with his present surroundings, a feeling of being in unsettled conditions—a situation that means for the employer a large labor turnover; (3) lack of opportunity for self-expression, growth, or advancement.

To free the mind of the worker from possible worries is to make for higher efficiency in the newspaper plant and a more loyal personnel. Unless the daily newspapers take steps to relieve worry and discontent, they will fall behind the other industries that have reasonable and scientific methods of management.

Naturally enough, every business move and every policy must be regarded on the part of the business management from the one viewpoint: all things considered, is the decision profitable?

The experience of those newspaper organizations that have endeavored to eliminate worries on the part of the men who are producing the paper and that have tried to convince the men that the management wishes to make money along with them, has been that such policies are profitable. Notable among the papers that can offer such evidence is the Chicago *Tribune*.

Noticing from the sickness reports the number of days lost by its workmen, the *Tribune* studied the causes. Much of the sickness was rheumatism and sinus infection. Investigation

showed that many of these illnesses were brought about because of poor teeth.

The decision was made to employ a dentist who would spend four hours each morning in the *Tribune* plant for the purpose of giving dental advice and dental service to employes. The results more than justified the expenditure on the part of the company.

Realizing that health is promoted through proper recreation and through athletics, the *Tribune* fostered an athletic program, avoiding the mistake of saddling such a program on the employes.

Certain representatives from the various departments of the paper were selected to form the Medill Council, an organization that made its first purpose the consideration of the employe's welfare,

Through this council an extensive program has been carried out successfully, much to the benefit of both the *Tribune* and the *Tribune* men.

A bowling league and a golf tournament were part of the athletic activity. Even the executives formed a team, which once a week met other teams, including teams from the composing, press, stereotyping, advertising, circulation, and editorial departments. Even though the executives' team was repeatedly defeated, the executives did make one distinct gain: they became acquainted with the men in their own business organization.

Because of this friendship factor, the men on the *Tribune* feel closer to the executives, and whenever there happens to be any little irritation in the plant the difficulty can be more easily settled satisfactorily for all parties concerned.

These methods are adaptable to almost any paper. To reduce further the cause of worry, insurance policies for one thousand dollars may be given to the men. However, if such a plan is followed, it should be certain that the men understand the nature and purpose of the gift.

Perhaps the citation of a case in which the gift was not fully appreciated may be in point. A Middle Western publisher decided to give each one of his employes an insurance policy as a Christmas remembrance.

After the gifts were distributed one of the executives overheard an employe greet a fellow employe in the plant cafeteria, "Merry Christmas, when you're dead!" as he held the $1000 insurance policy up in his hand.

While a $1000 policy is not large, it goes a long way to assure the workman that in case of his death his family will be provided with immediate funds. Further, this plan sells the insurance idea to some of the men, especiall ythose who have never taken out any kind of insurance.

Likewise, proper provision can be made to retire workers on a pension after fifteen to twenty-five years service. In following out a pension plan, the experience of other organizations should be considered and those points of procedure followed that best fit the needs of the particular case.

One organization allows an employe, after fifteen years of service, 2 per cent of his annual salary for each of his years of service. For example, if a man worked for a publication for twenty years and earned on the average $2800 a year, his pension would be 2 per cent of $2800 multiplied by the number of years in the service, twenty in this case. The amount would be $1120.

There should also be some form of health insurance; this should either be taken out through an employes' benefit association or carried entirely by the company. One plan followed is that if an employe has been in the organization one year, he will receive, in case of sickness, his full salary for six full weeks and half salary for another six weeks; if the employe has been in the service of the company five years, he receives, in case of prolonged illness, his full salary for thirteen weeks and half salary for another thirteen weeks. If the employe has been in the organization for a longer period, the system may be further extended, so that in case of illness, the employe will receive his full salary for twenty-six weeks and half salary for another twenty-six weeks.

Inasmuch as men work better and give better service if they take vacations, a vacation schedule with full pay may well be inaugurated, if the experience of some of our most successful newspapers may be taken as a guide. The larger newspaper organization also can follow the practice of some of the most

successful business concerns which provide summer camps for employes.

Unless a man can find an opportunity for self-expression in an organization and unless he sees some financial benefit accruing to himself from his years of service, he is likely to become dissatisfied. To allay this feeling on the part of the employes, some organizations are following definite policies, such as the one that provides that whenever there is a vacancy in the organization, it will be filled, if possible, from within the organization itself. Naturally, this plan of finding workers to fill vacancies must be somewhat modified in small plants. Even large organizations find difficulty in doing so. The point of value is the willingness on the part of the organization to recognize the merit and abilities of its own employes and to advance them accordingly.

In a large newspaper organization it frequently happens that one vacancy will mean ten promotions.

A plan that can be adopted on larger newspapers having several hundred employes, is the formation of a building and loan organization. An executive knows the value of having as large a proportion of home owners as possible.

The Chicago *Tribune* has gone a long way to perfect such an organization through the agency of the Medill Council. Shortly after its formation the building and loan association had approximately 800 members and more than $4000 weekly income. At that time the loans on real estate were $160,000.

In order to finance the association at the beginning, the *Tribune* Company subscribed a block of stock which earns 5½ per cent. Gradually this stock has been retired, and the employes are in full ownership.

CHAPTER III

CIRCULATION DEVELOPMENT AND ORGANIZATION

Importance of Circulation

Because for years the advertising department acted in the rôle of a "cash-box" for the newspaper, the tendency on some newspapers has been to consider this department the most important one in the newspaper organization. But in the last decade the attitude of publishers has been to place the circulation and advertising departments on a parity. Experience proves this latter plan a more logical one, for of what value would advertising be without circulation?

The advertiser in establishing relations with a newspaper does not contract for merely so much white space; rather he is buying the privilege or economic advantage of displaying his merchandise appeal, whether for goods or services, before a certain clientele. How successful this advertising becomes depends upon many factors, but especially upon the enterprise, good judgment, and administrative ability of the circulation executive.

Circulation has economic value the same as other commodities. In the newspaper organization the editorial department provides the major part of the value, the circulation department distributes the "goods," the advertising department sells the circulation. An advertisement in a newspaper with 200,000 circulation possesses more value, from the angle of income, than the same advertisement would have, for either the publisher or the advertiser, in a newspaper of 50,000 circulation.

The circulation department must first sell the newspaper in order to create advertising value. White space alone is worth no more than its actual cost as paper, but white space plus circulation establishes advertising rates and produces a larger proportion of newspaper revenue than any other single factor.

Historical Development of Circulation

Prior to the latter part of the nineteenth century, comparatively little attention was given to circulation. Publishers obtained and printed news but gave only minor attention to increasing or even maintaining their distribution, except as absolute necessity required. The origin of the circulation department, as such, like Topsy, was casual, and its development into one of the most important factors of the newspaper business was brought about gradually, by changing conditions. A brief review of the history of circulation as given in this chapter is of value because it shows how and why our present-day methods have been developed.

Early English Circulation Methods

At the time that Nathaniel Butter established the *Weekly Newes* in London, May 23, 1622, newspapers were sold to their readers almost entirely through booksellers' stalls. Butter employed boys, for the first time, to "hawk" papers on the streets, thus introducing what is yet to-day one of the chief methods of distributing English newspapers. At about the same time, London printers began to use the post to send their papers to country patrons. While these two methods of newspaper circulation had their origin in England, the development of circulation methods to a high degree of efficiency took place in the United States.

Colonial Newspaper Circulation Methods

When the first real newspaper was started in the American colonies by John Campbell in 1704, he sent most of his papers by post. In some of the frontier districts where there was no postal service, several publishers employed their own post riders to travel by horseback and deliver the papers. The employment of "street hawkers," or newsboys, was begun in America in 1754 and, as early as 1786, the Salem *Gazette* inaugurated a strictly American method of distributing newspapers when it employed boys to deliver the weekly papers to the homes of its subscribers. Boston and New York papers adopted the plan shortly afterward. To-day it is the most com-

mon method employed in newspaper circulation in the towns and cities of the United States and Canada. Except for the replacement of the postrider by the stagecoach, the aforementioned methods of newspaper distribution were continued until the advent of the railroad.

Factors Which Developed Modern Circulation Methods

By far the greater development in circulation methods and in size and importance of circulation departments, as we know them to-day, has been in the last forty or forty-five years. Several factors have had much to do with these changes. In the first place, high postal rates had always enforced more or less restricted circulation. From twenty-five cents a pound, charged in the early history of newspapers, the price was gradually reduced until in 1885 the post office department granted a rate of one cent a pound. The new rate enabled large metropolitan publishers not only to deliver suburban circulation at a much lower cost but also to go after mail circulation on a large scale in the surrounding trade territory. This favorable rate was soon followed by free delivery of second-class mail matter and the gradual extension of rural free delivery routes.

Secondly, the Associated and other press services by telegraph were developed to a degree of perfection that placed publishers on an almost equal basis insofar as news-getting was concerned, with the result that there no longer was more than nominal competition for the routine news of the day.

Again, about 1890, most large city newspapers began handling their own "county circulation" instead of selling it to news distributing companies. With each paper relying on its own resources, it was quite natural that a struggle for circulation ensued. This factor ties in closely with the last influence affecting modern circulation methods that need be mentioned here, namely, the influence of that industrial expansion that began about 1890. Alert manufacturers and merchants who had learned that investments in advertising were profitable and who naturally wished to reach the largest number of customers, put a premium on circulation. As the value of a newspaper as an advertising medium came to be recognized as de-

pending directly upon circulation, the competitive struggle for big circulations became a matter of first importance in the offices of all newspapers, large and small. Industrial enterprises were prospering and using more and more advertising as a means to further expansion, and each increase added more zest to the game of piling up circulations. And when, in the larger cities, the modern department store came along, using whole pages in newspapers and sometimes two pages, more fuel was added to the flame.

Modern Circulation Methods

In discussing the development of present-day circulation methods and the organization of a modern circulation department, major consideration will be given to the Chicago papers. The circulation systems of the Chicago papers, on the whole, are second to none. While smaller newspapers cannot duplicate the large personnel employed on a large newspaper, the several phases of activity may be quite as clearly defined.

Four Main Departmental Divisions

The modern circulation department may be divided into four parts: mail, country, city, and street. Street sale, in reality, is a part of city circulation but because of its peculiar position in the system of newspaper distribution it is worthy of separate treatment. In the same way, mail might be considered a part of country circulation.

The study of these different branches of circulation activity as developed in the Chicago field holds great interest for any one concerned with circulation management. On the small daily or weekly newspaper, it is, of course, impossible to have even one man in charge of each division of the work, as is done on the metropolitan dailies. Nevertheless, the circulation work must be conducted by the same methods, should be checked up similarly as to the efficiency of circulation activities, and conducted according to the same general principles.

Circulation by Mail

Mail circulation is discussed first because it was the first to appear in the development of circulation departments. Prior

to about 1885, little aggressiveness was shown by Chicago papers in promoting mail circulation. They were busy in supplying the demand as best they could with the crude machinery and poorly organized distributive facilities at their disposal. Chicago and its adjoining communities were growing rapidly, however, and there were only a few daily papers in the adjoining country towns, so that the Chicago papers were relied upon almost entirely for national and world news. The natural demand arising from this situation was sufficient to tax the mail circulation equipment of the times. What was true of Chicago was likewise the experience of other large centers.

Since the time when a large force of men was employed to address newspaper "jackets" by hand and wrap each individual paper for mailing—as was the practice of all Chicago papers in the fifties—there have been revolutionary mechanical improvements. The detailed story of the development of mailing machinery and equipment alone would make an interesting chapter. It is sufficient here to point out that the larger papers now have costly mailing machines which fold and address in the corner margin, so that papers are easily sorted for mail bags according to town, state and rural route, with such speed that a ponderous truck can be filled and sent on its way to catch a mail train in a very few minutes of time.

The one-cent postal rate for newspapers, the railway mail service, free delivery of second-class mail, and the extension of rural free delivery, are other important factors that have made large mail circulations possible. Each of these has made for greater efficiency, economy, and speed, and the greatest of these is speed.

Forcing the pre-date too far ahead is not a safe substitute for timeliness of news in building a permanent circulation in this day of keen competition. A few decades ago, the mail subscriber was content to receive a newspaper, leisurely prepared and as leisurely delivered, containing information that was anywhere from one day to two weeks old. Now the most enterprising newspapers prepare a special mail edition, hold the forms until the last possible moment necessary to catch important mail trains and then deliver the tons of papers to the trains while

still warm from the presses and pungent with the smell of printers' ink.

Country Circulation

When a great demand for single copies of newspapers in country towns developed during the Civil War, the only satisfactory source of supply to which dealers in country towns adjacent to Chicago could go was the American News Company of New York City. Papers were delivered about forty-eight hours after they were printed. John R. Walsh, formerly employed by A. McNally, a wholesale stationer, entered the field as a competitor in 1861. Because he succeeded in delivering the papers twelve hours earlier than the American News Company and twenty-four hours earlier than mail, Mr. Walsh was the victor in the competitive struggle for Middle Western trade which followed. Finally, in 1864, the Western News Company, with Mr. Walsh as manager, was established as a branch of the American News Company. The business was handled by placing a shipping clerk and assistants at each newspaper plant to fill orders and forward papers direct to country dealers.

This method of newspaper distribution, at that time, was revolutionary because it made possible, for the first time, large out-of-town sales of metropolitan dailies. For this reason, publishers were inclined to enter into contracts that were quite favorable to the News Company.

Before these contracts began to expire in about 1890, however, sentiment had changed. Some publishers believed that certain newspapers, in which Mr. Walsh was interested, had enjoyed enhanced circulation at the expense of others. Production costs had increased, too, and it was deemed expedient to save the News Company's profit. Most of all, each publisher now wished to gain supremacy in the country field. Improved presses enabled the publishers for the first time to manufacture a supply in excess of the demand and, as a consequence, they were seeking a wider market. In the execution of these plans, instead of the News Company's continuing to be regarded as an aid to distribution, it was considered as an impediment to free competition. With the decision not to renew the contracts with the

Western News Company, but to establish their own country circulation departments, the Chicago newspapers entered upon one of the most fiercely contested competitive struggles in the history of American newspapers.

Each paper, in an effort to obtain the largest circulation, established independent agencies in the more important cities and towns outside of Chicago. Agents who handled all of the papers in some towns, as they had done under the News Company system, were watched jealously and any action which was interpreted as showing any degree of partiality resulted in the others placing their circulation with some new agent. The net result was a continual change of agents, with the quite natural attendant difficulties affecting delivery service and collection of accounts.

After some eight years of this sort of competition, the circulators of Chicago newspapers met to discuss plans for improving country circulation conditions. They formed the Circulators' Association. This association brought about a much more satisfactory state of affairs for both the publishers and the country news dealers. It was agreed that the agency for all papers would be given to one person in each community, contingent only upon his attending to business, giving each paper an equal chance, and paying his bills promptly. Labor conditions in all plants were made as nearly uniform as possible, so that all papers would be on an equal basis of competition. These arrangements placed the agents in a much more secure position, and made it possible to secure a better class of men to handle country circulation.

City Circulation

No other phase of newspaper circulation presents as many tangled problems of administration as does the distribution of newspapers to local subscribers. Just how city circulation may be handled most efficiently, with respect both to speed and economy, and most satisfactorily from the standpoint of subscribers, is a problem that has turned many a circulation manager's hair prematurely gray. For this reason, the city circulation method now employed in the Chicago field is all the more

worthy of study, since it represents more than seventy-five years of trial and error, involving three complete changes in the system of distribution.

While Chicago was a small city, the newspaper publishers found it quite practical and efficient to employ boys who reported at the plant each morning or evening to carry the papers to the homes of subscribers. A man holding the position known as "circulator" had in charge the division of the city into routes, employment of boys to carry these routes, and collection of the subscribers' accounts. The accounts were simplified by reason of the fact that most of the subscribers paid a year in advance.

The population of the city gradually became more scattered. By 1870, a considerable number of subscribers lived in outlying districts and it became increasingly difficult to obtain boys to carry papers to them. The system began to break down when boys were required to go three or four miles from the office to make deliveries instead of only a mile or so. Some boys failed to report at all on cold or rainy days and routes often went uncarried. Then, too, short-term weekly subscriptions had supplanted yearly subscriptions in a large degree. Bookkeeping for a large number of small accounts involved a large personnel, an enormous amount of work, and a great deal of expense. Carriers often failed to collect regularly. Disputes over accounts became frequent. Losses each year amounted in the aggregate to a considerable sum.

In 1872, following the Chicago fire, after the papers had started anew, Chicago publishers decided to avoid these difficulties and the deficiencies attendant on the direct carrier system for a large city. As the country circulation at that time was being handled satisfactorily by a wholesaler, the Western News Company, they decided to sell the city circulation to an individual. From 1872 to 1893, therefore, the distribution of Chicago newspapers in the city was in charge of wholesalers. Each paper had its own method. Some sold one man the exclusive right for the entire city while others sold the circulation of different sections to as many individuals. These wholesalers were bound by contract to pay for their papers each day,

give subscribers prompt and efficient delivery service, and, finally, to abide by reasonable instructions that might be given them by the publisher. If handling a morning paper's circulation, a wholesaler was barred from performing a similar service for another morning paper. These agreements did not prevent a wholesaler from handling both a morning and an evening paper, and many of them did.

The wholesalers immediately set about building up a system that would avoid the faults inherent in the previous method of distribution for a large city. Papers were delivered to the boys in outlying districts by wagons. The individual routes were sold to the boys and they were required to pay for their papers a week in advance. The carriers, too, were required to observe the same rules which the publisher had imposed upon the wholesaler. The boys could not employ others to help them and whenever their routes became too heavy for them to carry alone, they were required to give up a part to the wholesaler to sell to other boys.

Under this system, the yearly subscription plan for city subscribers became extinct, but, at the same time, an end was put to the laxity in collecting accounts. Instead of falling on the publisher alone, the relatively small number of bad accounts was distributed over a large number of individuals.

Soon after the World's Fair in 1893, Chicago publishers gradually began to establish city circulation departments to supplant the wholesalers. The primary reason for changing the system is found in the increased competition for city circulation. Eliminating the wholesaler's profit, the publishers believed, would enable them to reduce the price of the paper and increase sales. Under the wholesale system, moreover, experience had shown that the carrier was too far removed from the newspaper and it was believed that better results could be obtained if there were direct contact with the carriers.

With the establishment of city circulation departments, some of the publishers arranged to deliver papers to carriers just as the wholesalers had done either by owning their own wagon delivery systems or arranging for such delivery by contract. The carriers profited by the change for they now were permitted

to handle papers for as many publishers as they wished and also could employ boys to help deliver papers in their district. Thus competition was transferred directly to the boys who began a struggle in which fist fights often occurred to see who was fittest. A newcomer in the city would find himself besieged by half a dozen youngsters, all seeking his patronage.

From supplying any and all carriers with papers, at first, the publishers began to favor the best carriers by sending to them orders received at the office from new subscribers. These carriers then began to purchase the routes of their competitors and, in fact, to control newspaper distribution in their respective districts. A little later the circulators came to their assistance and recognized their property rights by appointing an "official carrier" in each district. This system of official carriers kept pace with the growth of the city and increased circulation, readily adapting itself to the needs of the newspapers. Needless to say, the value of these districts has increased considerably. It is not very often that one is offered for sale and the purchaser, to be certain that he will be able to buy papers from the newspapers, must consult with the city circulation managers of all member papers and satisfy them with reference to his ability to conduct the business and meet his bills.

The official carrier system was maintained by the principal daily newspapers for many years, but recently the Hearst newspapers, the Chicago *Herald and Examiner* and the Chicago *Evening American,* and the tabloid newspaper, the *Daily Times,* have maintained separate circulation delivery. The official carrier system, known as the Chicago Newspaper Carriers' Association, serves the Chicago *Tribune,* the Chicago *Daily News,* and the Chicago *Journal of Commerce.*

The official carrier system for member papers has generally been satisfactory for the following reasons: (1) centralized responsibility in each district; (2) minimum number of publishers' accounts; (3) reduction of losses; economical method whereby for example in the afternoon both the *Times* and the *News* can be delivered by the same employe; and (4) employment of older boys with greater sense of responsibility. Generally the system resulted in building up a businesslike

organization, which, over a period of time, has attracted a better class of men to handle the city circulation.

Altogether, the history of city circulation in Chicago presents a wealth of material which should suggest the more essential principles of successful methods and of difficulties that may be expected to arise under different conditions. The size of the city under consideration is, of course, a factor of first importance in discussing any problem of circulation. The history of Chicago circulation methods, however, presents several interesting suggestions. First, while the city was comparatively small, individual carriers of residence routes were employed directly by the publisher. With the growth of the city, the carrier became a merchant, buying both his route and his papers from a wholesaler and subject to certain restrictions with respect to service. In a transitional stage, in which still another method was used, the carrier also was a merchant but the wholesaler had been eliminated and the carrier again dealt directly with the newspaper. Finally, the better carriers were made official carriers, independent representatives of the publishers in their respective districts, and employed boys to carry papers for them.

Street Circulation

Three methods of street circulation of newspapers now are employed in Chicago: selling on the street, at corner stands, and at elevated railroad stations. At first, following the dual vocation of bootblack and newsboy, the youngsters spent most of their time in the business district of the city during the week and, on Sunday, roamed from one end of the city to the other in search of customers. Many of them never saw a parental bed, and, true to the form of many of Horatio Alger's heroes, they slept in Newsboys' Alley, in convenient packing cases, or in any other place that appealed to them as inviting. The vocation of newsboy in Chicago was given an impetus when the Chicago *Daily News,* with a policy of relying largely upon street sales instead of regular subscribers, was established in 1875.

Eventually, newsboys began stationing themselves regularly

at prominent corners and transfer points. Some rivalry for possession of these corners developed but it did not become intense until the boys began handling all papers instead of only one. A boy who had established himself at a corner and proved its value often would have to defend his right to retain possession of it in a fight in which both sides often called all their friends. The victor then took possession. Physical prowess was almost a prerequisite to success in the newsboy's game of that period.

Once a boy had held a corner for a considerable time, however, his right of ownership was recognized by the other boys. By 1890, corner stands were recognized as having a value and they were bought and sold in the same way as any other property. Circulators furthered the recognition of property rights by issuing cards bearing the name of the dealer and location of his stand, requiring these cards to be presented when early papers were purchased at the newspaper plants.

Newsboys did a thriving business "flipping" street cars and selling papers to the passengers until 1908 when street car companies began placing pay-as-you-enter cars in operation. This once flourishing business of selling on street cars, therefore, was gradually discontinued.

Stands in the various downtown stations of the elevated railroad, giving exclusive rights for sale of periodicals and confections, are leased by the company to individuals. Outside of the downtown area, a whole line, or sections of a line, also are leased to individuals or concerns.

Increased Emphasis on Circulation

The foregoing review of circulation development in Chicago territory reflects the increase in size and importance of circulation departments from the early period when publishers primarily were interested in obtaining and printing news, to the present day when circulation management is one of the most important responsibilities in the publishers' offices. Instead of allowing circulation to follow the course of requests as they might come to the publication, we now have circulation as an aggressive business-getting department upon the results of

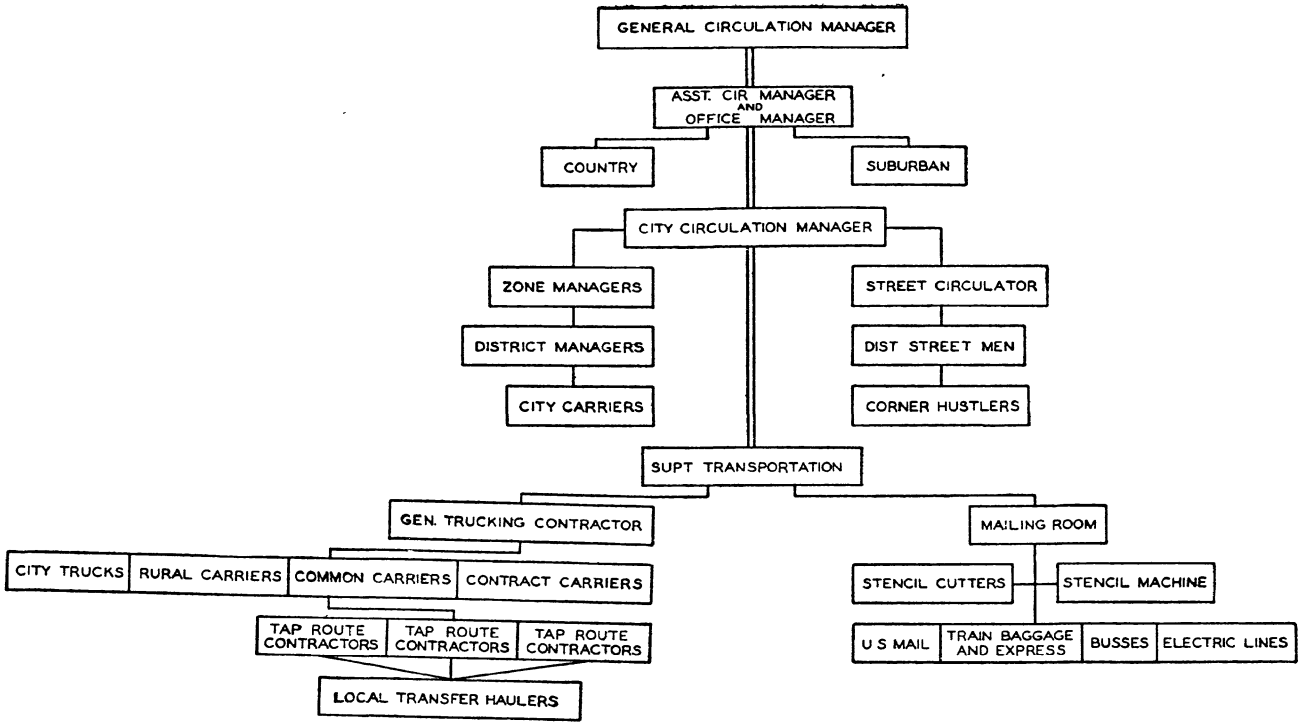


FIG. 6. CIRCULATION ORGANIZATION OF THE DALLAS "MORNING NEWS" AND "JOURNAL"

which the standing, prestige, and influence of the newspaper very largely depend.

Summarizing: this increased emphasis on circulation was brought about, first, by the telegraph press services, which reduced competition for news, except in a few exceptional cases, to a nominal basis. Second, with improved mechanical facilities, the newspaper plants no longer were kept running to capacity in supplying a demand that resulted from little or no effort. Third, the opening of the industrial era, with advertising increasing by leaps and bounds, placed a premium upon big circulations. And, finally, the establishment of the independent press, compelling each publisher to rely upon his own resources, drew the competitive lines of circulation sharply and increased the struggle, accentuating the need for systematic and efficiently conducted circulation departments.

The space devoted thus to describing circulation development in the Chicago territory is justified by the fact that, on the whole, the distributive methods employed are second to none and, therefore, are rich in suggestions for papers both large and small.

Organization of a Modern Circulation Department

Circulation department organization and practice may be more clearly understood if consideration is given to some one departmental organization, which is using modern circulation methods. For this purpose the plan of the Chicago *Daily News* has been selected.

Approximately 19,000 persons function in the daily distribution of the Chicago *Daily News,* exclusive of railroad employes and mailmen who in the regular course of their work assist in the distribution of the paper. This total includes: 2,000 out-of-town dealers with a total of about 4,000 carrier boys, 1,100 carrier boys in the suburban and country territory directly supervised by the department, making 5,100 carriers; 200 city circulation wholesalers with an average of 10 boys each, making an additional 2,000 carriers; 3,500 regular street sale men; 1,000 independent street sale men; 5,000 city store selling agencies; 150 truck drivers; and 100 regular office employes, in

addition to the well-knit staff of circulation executives including district road men.

Editions

The *Daily News* publishes nine regular editions, as follows:

Edition	*Press starts*
Afternoon	10:00 A.M.
Home	12:00 M.
Market	1:00 P.M.
Final Markets	2:25 P.M.
Replate	2:45 P.M.
Final	3:25 P.M.
Replate	4:00 P.M.
Final Sports	4:35 P.M.
Replate	5:10 P.M.
Sport Special	5:25 P.M.
Red Streak	6:10 P.M.
Three Star Home	7:50 P.M.

For these editions a different time schedule is used Saturday.

Besides regular editions there are extras on occasion. Frequently the breaking of an important angle of a story necessitates the replating of a regular edition. A make-over means only the remaking of a page or more because of a new angle in a regular story. An extra edition is issued when there breaks some highly important piece of news which is of greater significance than a mere change in a regularly carried story.

Prices Charged

The regular retail price of the *Daily News* is three cents. To street distributors one hundred papers are sold at $2.20. For home delivery in the city, official carriers pay $2.00 for one hundred papers. Agents in the country are charged $1.75 per hundred papers.

City Circulation

The greatest bulk of the *News* circulation is concentrated within the city. Victor Lawson, the late publisher of the *News*, saw his problem as one of centralizing the circulation within the city itself and near-by suburbs. In recent years, however,

under the direction of the late Walter Strong who succeeded Mr. Lawson as publisher, and under the management of Col. Frank Knox who succeeded Mr. Strong, the field has been extended to a forty-mile radius, made possible because of the good roads and automobile delivery on one hand and the suburban or semi-rural movement of population on the other.

The greater number of city residents who are living in the suburbs, out as far as thirty miles, makes it necessary to reach these farther-out towns and villages, for their interests are closely tied up with those of the city, especially in civic and commercial affairs. Better roads make possible the more rapid distribution of papers; in fact the *News* can place an evening paper in the home of a subscriber in Lake Forest or Wheaton at about the same time that it can reach the apartment house subscriber living in the Hyde Park, Edgewater, or Rogers Park district within the city itself.

The handling of city circulation can be divided into two main departments, home delivery and street sales. In Chicago proper the official carriers, who serve the *Tribune,* the *News,* and the *Journal of Commerce,* are principally responsible for home delivery. Street sales include sales to stores.

The city is organized into twelve districts, each under a division man, all of whom serve under the city circulation manager whose responsibility lies in distribution of papers by street sale and agencies or dealers. The city home delivery manager is the liaison officer between the *News* and the official carriers who are principally responsible for home delivery of papers. The city circulator is also in effect the city traffic manager. In Chicago the papers generally operate their own wagons and trucks. The smaller daily newspaper and many large city newspapers find it preferable to control their own delivery all the way to the subscriber, in which case the superintendent of carriers and the division superintendent are under a city circulator, comparable in authority with the country circulation manager.

Country Circulation

Country and suburban circulation on the *Daily News* is handled by the country circulation manager, who serves directly

under the circulation manager. Under the country circulation manager are nine road or contact men to establish constant relations with country agents. Papers going forward by mail are distributed by the mail subscription department.

In the *Daily News* the whole organization is highly centralized under the authority of the circulation manager. Each function, in theory, ties directly in to the circulation manager's desk so that he has a close control of all divisions, while in practice there is a fine correlation between the work of departments.

The roadmen assume two responsibilities, one to see that all agents and dealers receive their papers promptly and pay for them periodically, and the other to supervise the campaign in their districts to increase circulation.

Policy

The aim of the circulation department of the *Daily News* is to hold and build circulation. Its purpose is to give satisfaction through excellent service and close coöperation between all inside departments and all outside distributing forces. Complaints are handled by the several circulation executives, or by official carriers.

Full returns are allowed on the *News* to dealers, carriers, stores, hustlers and all who handle or sell the paper.

Promotion methods are fostered by a special promotion manager, who serves the *News* in conjunction with the circulation manager; however, the paper is sold on its merits and not by artificial stimulation.

Handling 25,000-30,000 Circulation

Effective organization in administering and executing circulation distribution in a city of 60,000 to 75,000 population may be illustrated by the Wisconsin *State Journal,* published at Madison. The *State Journal* utilizes approximately 375 persons in handling a circulation volume of about 27,000.

The *State Journal,* at the time this copy was prepared, used either full time, or part time as "little merchants", the following persons:

Office	7
Mailing department	8
Rural solicitors	6
Carriers' managers	20
City carriers	128
Carriers outside city	173
Street sales organization	30
Total	372

This total does not include those who operate stores or hotel stands at which papers are sold.

To Distribute Less Than 5,000 Circulation

On the Creston (Iowa) *News Advertiser* with a net paid circulation of 4,651, at the time of this check, the home delivered circulation in the official carrier district, which included the territory within the corporation limits and the immediately adjacent areas to the city, was divided as follows: 1,617 home delivered circulation, 2,839 circulation in the county outside the official carrier district and in adjacent counties, and 195 delivered by mail elsewhere in the United States. For the home delivery service 16 carriers were used. One girl who had other duties as well was known as circulation manager in charge of circulation records; a part time girl was employed also for making collections in the official carrier district, and a country circulation solicitor was employed intermittently.

The Pontiac (Illinois) *Daily Leader,* with a paid circulation of 3,657, at the time of this survey, delivered 1,695 copies in the city; the remaining 1,962 subscribers were outside the city limits of Pontiac. Twenty carrier boys were engaged in delivering the papers in the city of publication; carrier service was provided also in three nearby towns. The *Leader* used a private automobile to deliver papers to several nearby communities. For other communities in the *Leader* territory, post-office star routes were used in reaching rural subscribers.

CHAPTER IV

CIRCULATION POLICY AND PROMOTION

Factors Affecting Circulation

Underlying all questions of policy and methods of promotion there are important factors which directly affect circulation. While the circulation manager must first be an expert in the routine and technical work of his department and competent to direct its execution, he should, in addition, have an understanding of the more important factors. The administration of circulation department details with ordinary efficiency may enable a circulation manager to hold his job but, as a general rule, he will grow and make himself and his department increasingly valuable to his paper to the degree that he gives executive attention to advertising and editorial policies, as well as to other factors which have the power of slowing down or increasing circulation growth. In short, the circulation manager should interest himself in anything that has a bearing upon circulation volume. When that has been said, it is plain that there remains no privileged sanctum in the plant which he should not feel free to enter. With every change in plans or procedure of whatever department, his concern should be to inquire how the change will affect circulation.

Even if the circulation manager is not able to change the publisher's views with regard to policies which are detrimental to circulation, an appreciation of their bearing may enable him to make a saving adjustment of his promotion and sales plans, at least to some degree.

The difference between merely supervising the mechanical routine of circulation and of studying, planning, and directing it is the difference between pretense and performance—between being only a department head and being an efficient executive.

While every student of circulation problems might be expected to differ somewhat in making his list of the factors which affect circulation and to which the circulation manager should give serious consideration, all such factors may be brought under four general headings: (1) economic, (2) social, (3) policy, and (4) mechanical. Only brief discussions need be devoted to these.

Economic Circulation Factors

The circulation of a newspaper is, first, affected by its particular location and the density of population of the city and surrounding territory. Hence, geography has a direct bearing upon circulation. A fertile area where intensive agriculture is practiced, or one that is densely populated with people employed in industries, presents circulation possibilities much greater than does a thinly settled, mountainous, arid region or an agricultural district which, although fertile, is cultivated in large areas or devoted to live-stock ranges.

Second, the competition offered by other papers is one of the most important of the economic factors affecting circulation. With respect to competition offered in the local field, whether in the large metropolitan centers or in the smaller cities, we must dismiss the subject with the broad statement that the problem reduces itself to one of producing a better newspaper, doing it more quickly, and distributing it more satisfactorily. We have already referred to some of these points, but examples may be here offered of several newspapers that are capitalizing their surrounding territory.

Localized news adds circulation in towns and suburbs outside of the city of publication. Numerous examples of this effect might be cited. The Springfield (Massachusetts) *Republican* publishes not only significant outlying news but many personal items from towns of western Massachusetts. This news treatment gives an excellent basis for circulation for hundreds of square miles in the surrounding territory. Likewise the Spokane *Spokesman-Review* maintains a policy of featuring Inland Empire news throughout eastern Washington and northern Idaho. The resident of Garfield, Coeur d'Alene, or Pullman may not

only find news of importance in the Spokane field, but also significant state and national news, in addition to important news of his own community. This feature of localized news in outlying towns may be used in special editions only, such as a state or suburban edition, especially in the smaller cities.

The Sacramento (California) *Bee* some years ago adopted the localized news appeal for Sacramento Valley towns and territory in Nevada, adjacent to the California section in which Sacramento is situated.

The advantage of this system of playing local news in towns and hamlets near the city of publication is that there is built up a unified spirit in the entire territory, with a minimum of petty jealousies and narrow opinion. For a city fortunately located, such a plan builds up not only valuable circulation but also a well cultivated trading area for the merchants of the city.

If the policy of localized state and suburban news is adopted, a special staff should be organized to give this service the advantage of constant attention in handling news by mail, wire, and long distance telephone.

Third, selling price is an economic factor which must be given an important place in any discussion of circulation. On account of prevailing high prices for newsprint, labor, and all other materials that go into production, a newspaper that sells at one cent is in a dangerous financial position, in the event of an abnormal decrease in advertising revenue. Under present costs even a two-cent newspaper may be in danger unless there is a constant dividend-yielding advertising volume.

So far as street sales are concerned, the great majority of readers probably do not allow the difference between two and three cents to influence their purchase of a newspaper, although price undoubtedly does have some effect on those who pay by the week or month. It is interesting to note that although Chicago *Evening American* readers have been classed as among the less wealthy class of citizens in the Chicago community, the price of three cents does not seem to deter factory workers and stenographers from purchasing the paper regularly. If a paper meets the requirement of a particular market, the difference of three as against two cents does not affect sales.

Advertising, of course, makes possible the large American newspaper at its ridiculously low price. The advertiser pays liberally for the privilege of talking to the paper's readers and of presenting pictures of his wares. He is compensated for his advertising expenditures by increased profits made from the patronage of those readers. Naturally, the advertiser, too, is interested in a low selling price for the paper in order that it may reach the largest number of prospective purchasers. Whenever the advertising rates do not meet the necessary costs and leave a satisfactory profit, and cannot be further advanced, then it is time to consider cutting down the news, feature, and editorial services or advancing the selling price to subscribers.

In some communities custom on the street price of certain papers is so thoroughly ingrained, that readers willingly pay five cents for their papers instead of the more common price of two or three cents. Among such newspapers are the San Francisco *Chronicle,* the Florida (Jacksonville) *Times-Union,* and the Miami (Florida) *Herald.*

The last subject to which consideration will be given under the head of economic factors is that of the limitation on circulation territory. Newspapers are being forced to give increased attention to determining the point at which they should discontinue their efforts to secure subscribers. The Chicago *Tribune* has a large number of subscribers in Iowa, Wisconsin, Michigan, Indiana, and Illinois in whom national advertisers may have some interest but in whom local Chicago advertisers lose interest rapidly as the distance from the city increases. Certainly, promotion work that builds up a large subscription which does not show a proportionate return in advertising revenue is not justified economically.

Social Factors Affecting Circulation

All persons have one common quality—they are human. In all other respects, persons differ. In differences of racial origin, politics, levels of intelligence, degree of education, employment, prejudices, and religion, lie social factors which affect newspaper circulation. Especially is this true in our country where, in-

stead of a national unity, we have diversity—sections where certain characteristics of the population make it necessary to handle all circulation effort in an altogether different way from the manner it must be handled in another state, city, or county.

Here is one state in which the majority of the population is a blend, in the third and fourth generation, of North European, English, and colonial stock and considers itself "American"; and here is another state in which the people of one European nation are so much in the majority, have retained their language and customs to so large a degree, and are so race-conscious, that only the designation "German-American," describes them. There is a busy industrial city whose population is a cross section of both Northern and Southern European peoples thrown into a human mixing bowl with various types of what we choose to call native stock; and here is another city of an entirely different character set down in the midst of a rich agricultural area. Here is a county in which Swedish farmers are in the majority, and an adjoining county where the Dutch predominate. Each community, whether it be large or small, has its own peculiarities, and to these the circulation manager must give thoughtful consideration. In no small degree the successful promotion of circulation is dependent upon an exact understanding of social factors.

Type of Readers.—The circulation manager should know the particular type of reader desired by his publisher. While the editorial department may have illusions about producing a newspaper of general interest, the circulation manager knows that his paper has an individuality more or less definitely limiting its sales possibilities. The paper, therefore, must be adapted to the particular type of readers for whom it is published; and while recognizing its duties as a leader, it must not forget that it will "lose touch" if it is too far in advance of the procession. The Springfield *Republican* and the Kansas City *Star* may minimize pictures and use literary articles of a high type because their readers largely are an educated class. But the newspaper certain to be most popular, profitable, and influential in a city populated by factory workers must employ features of homely, everyday interest

to workers. It must sponsor projects intended to give them service—social centers, playgrounds, night schools, civic concerts, libraries, etc. Such a population likes pictures because even the most uneducated can understand them. They do not want their crimes and scandals served on a silver platter, but all of the details given: just what he did and what she said before the fatal shot rang out upon the still night air—and her picture with the legend, "I didn't realize what I was doing—I loved him so."

Politics and Religion.—Among the social factors affecting circulation, politics and religion probably play as important a part as any others. Politics and religion have universal appeal, even to some who are politically independent and some who are non-believers in Christian doctrines.

With respect to religion, a newspaper can, on the whole, be tolerant and neutral. A newspaper located in a strong "church town," however, must give prominence to all church activities, announce sermons, report some of them, give notice of Sunday School programs, help build the evangelist's tabernacle, boom the ministers' convention, and publish church history features. There are, of course, exceptions to this broad policy of neutrality on religion. In Salt Lake City where by far the largest percentage of the population is of the Mormon faith, a publisher who does not feel that he can conscientiously favor that faith perhaps should sell his paper and move to another field.

Toleration with respect to creeds is a policy acceptable to a newspaper's readers; but the paper which is neutral in politics is more likely to lose entirely the support of all parties than to be accepted by even a part of each group. Hosts of readers are politically narrow, and take a particular newspaper largely because of its party affiliation or support. A Republican newspaper would not get very far in Atlanta, Georgia, where the population is largely Democratic, no matter how superior it might be to every other paper in the city as a purely editorial-news product. Newspapers must take into consideration the political texture of their respective communities.

In a city where the parties are more evenly balanced, an independent paper may flourish. More and more they do flourish.

But they are not neutral. An independent newspaper is nominally a nonpartisan newspaper. While many leading newspapers are nonpartisan in their treatment of news, and relatively free in their choice of candidates to support for office, they do support editorially one political party in preference to another.

The old political type of newspaper stressed its favorite party in both news and editorial columns, neglecting in large measure the activities of its opposition. In the best newspapers to-day, both major political parties are assured news space, even though the greater emphasis be given to one. The news columns are usually open to any political story that has actual news value.

The tendency to-day is for newspapers to be independent of domination by one party. It is this independence of judgment and this open-mindedness that distinguish editorially the newspaper supporting one or the other of the major parties from the older type of political newspaper. And, as has been pointed out, newspapers are coming to be regarded more as business enterprises than as subsidized party organs.

From the standpoint of the social factors affecting circulation, therefore, the paper which may be expected to have the largest circulation is that one which is able to identify itself most conspicuously with the predominating local points of view.

Policy Effect upon Circulation

The more important policies which affect circulation have to do with the editorial and advertising departments and the circulation department itself.

Aside from the announced political preference of a newspaper, the editorial appeal of a paper, whether to the mass or to a class, its treatment of news in a sensational or conservative fashion, and related policies, determine the personality of the newspaper and the make-up of the commodity that the circulation manager has to merchandise. In so far as the publisher is inclined to drift with the main currents of local prejudice, as determined in large part by social factors, the problem of the circulation department is made easier. To the extent that the publisher determines upon editorial policies contrary

to local sentiment, the circulation problem becomes more difficult.

In more recent years, we have heard more and more about advertising policy. As a matter of fact, it is the viewpoint of the circulation department that is uppermost in determining what that policy shall be. In recognition of the fact that the newspaper does have a direct responsibility to its readers, the spirit of censorship has been put to work in the advertising columns. Some papers reject certain kinds of advertising. The laudable policy of guaranteeing all advertising was adopted by the New York *Tribune* some years ago. We still have newspapers, however, including some of the larger and more successful ones, which print practically anything that the law does not specifically prohibit.

Policies of the circulation department itself need little discussion because, for the most part, they reflect the department as a whole—its personal contact with subscribers, the service which it gives, the manner and spirit in which that service is given, collections, and the entire routine involving relations with readers and affording opportunities to please or to offend them. Perhaps one of the most important points of departmental policy is the one discussed under economic factors, *i.e.*, the determination of that line at which circulation represents diminishing returns with reference to the advertising revenue that may be derived from it.

Mechanical Factors Affecting Circulation

Type, headlines, make-up, and quality and color of paper undoubtedly all have their effect upon circulation, considered in conjunction with other factors. Clean typography, as judged by the expert eye of a newspaper man, may lead the professional or business man to choose a well-groomed newspaper from a newsstand in a strange city or may win his preference for it in his own city. Such a paper conforms to his standard of well-ordered living. On the other hand, the jumbled mass of heads, red streamers, continuations to back pages, inset illustrations, and other characteristics of the sensational newspaper conform to the jumbled mental outlook on life of tens of

thousands of the city's multitudes who day after day elbow their way through the city's streets, hang from swaying straps in the elevated and subway trains, and seek vainly for a thrill, or an explanation of what it is all about, in the jaded programs of cabarets, movies, amusement parks, vaudevilles, and other so-called places of entertainment. The jumbled page of this type of newspaper is as incoherent as are its readers' expectations from life. It is the particular concern of the circulation manager to determine just how the entire typographical dress of his paper is adapted to his particular class of readers, and to make an effort to remove any typographical handicaps to increased circulation.

Paper stock, too, affects circulation. The effect of a well-arranged and attractive typography may be partially destroyed by a muddy-white paper stock. If the quality is poor enough to afford only a weak contrast between the black type and the paper, thus causing eyestrain, the subject becomes even more important. The danger of eyestrain is one of the strongest arguments against the use of colored papers, although it is often overbalanced in the minds of many circulation managers by the fact that color instantly identifies a special sport edition, guides regular purchasers to it and attracts visitors in the city.

The Circulation Manager's Responsibility

This discussion of circulation department policies may appear to present a wide diversity of duties and interests for the circulation manager. It is assumed that in his conception of his position, the circulation manager will use judgment. These broader problems should receive his attention only after the departmental routine is well in hand. If carriers are giving inefficient service or if mail trains are not being given bags of papers for out-of-town distribution according to schedule, such details command preferential attention. The circulation manager who aspires to real usefulness and efficiency in promoting the best interests of his newspaper should have a view of his responsibilities such as have been indicated in the preceding paragraphs, and in other lines which, because of limited space, cannot be discussed in this study.

Determining Circulation Standard

While there is no definite standard for newspaper circulation, a newspaper which has one subscriber for every five persons in what is considered the immediate trade basin of the newspaper may be regarded as taking advantage of its circulation possibilities. This standard originated in part from experience of several leading newspapers and partly from the conception that five persons constitute the average American family, establishing, therefore, the basis of a newspaper to every family or home. There are, of course, some limitations on such a standard; first, the limitation set by competition; second, the limitation set by geographical location in relation to morning or afternoon newspaper distribution; third, the limitation set by the number of literate and homogeneous citizenry. The first limitation requires no special comment at this time, but the second limitation needs some explanation. In the afternoon field, with the question of competition conceded, the basis of one newspaper to every five persons must be confined to every five persons in the immediate territory; that is, the corporate limits of the town or city plus the suburban district. In the case of a morning newspaper, reaching out with a substantial circulation into a territory three or four hundred miles from its point of publication, it would be wrong and wholly contrary to the best experience to expect to have one reader for every five persons in this wide territory.

Newspapers in cities having a large foreign or illiterate population cannot judge their circulation problem on the same basis as newspapers published in communities where the percentage of illiteracy is negligible.

Natural and Forced Circulation

There was a time when circulation and advertising department managers talked of circulation only in terms of volume, but attention now is centered, and rightly so, with equal interest, on distribution. Retail merchants want to know how much of a newspaper's circulation is outside of their trade territory, and even foreign advertisers have a preference for the newspapers

with circulation centralized in their natural territory. The whole question resolves itself into the problem of ascertaining just what circulation promotion will result in natural growth and what will represent forced circulation of the unstable variety, from the standpoint of the advertiser to whom eventually the circulation must be sold.

Reference may be made to the out-of-town circulation of the Cleveland *Plain Dealer*. The greater part of its circulation is "natural" circulation. Cleveland is a metropolis, the trade center for the greater number of towns and cities in which the *Plain Dealer* circulates. This is due largely to the ease with which its readers may come to the city by way of excellent railroad service, as well as by automobile over fine hard-surfaced roads. Persons living at a distance of seventy-five or one hundred miles may spend the day in Cleveland and return home in time for the evening meal. To another newspaper, located in another city, circulation at such a distance from the newspaper's home city might be distinctly unprofitable.

Intensive work in building circulation within the natural retail trading area defines the best type of circulation building.

Locating Circulation Difficulties

When circulation volume is unsatisfactory, either the newspaper as a product is not sound or the circulation department is falling down on its sales job.

There are few newspapers that could not have either their editorial effectiveness or their circulation selling methods strengthened. Some publishers may be blithely gliding along, happily satisfied with their product and taking their losses or dividends as a matter of course. But unless conditions are corrected, competition may awaken them with a jolt, too late for recovery of ground lost.

Searching analysis should be made frequently to determine whether a newspaper is living up to its possibilities. When it is found that conditions are not entirely satisfactory, either from an individual newspaper or competitive standpoint, the publisher should lose no time in making efforts to straighten out difficulties. First, he must locate the trouble and then take

every possible step toward the eradication of the twisted phase of his business.

It may be necessary for him to put new blood into his organization, to buy or eliminate certain features, to increase his own business-getting efforts, or to adopt old-time methods of premiums or contests. The point is that he must do something.

Circulation Campaigns

Campaigns to increase circulation may be roughly classified under three general heads: contest, premiums, and advertising. Just which method or combination of methods should be used is entirely dependent on local conditions in each case. One paper may use methods of increasing its circulation which, although successful, a competing paper would not care to follow because of being placed in the position of imitating a competitor. Certain classes of readers who do not take kindly to premiums and other devices of this kind must be considered.

A campaign means an intensification of effort. There is no reason why a newspaper cannot adopt campaign methods that will achieve results. Progressive newspapers might be said to have continuous campaigns in their efforts to increase circulation. One campaign follows another because of highly organized promotion methods.

The question always comes up, particularly on smaller newspapers, whether it is advisable to utilize outside circulation builders. As in the solution of other problems, a decision on this question must depend on circumstances. A newspaper that is run down certainly needs new energy, which can be supplied by new circulation executives or experienced campaign men brought in from the outside. The difficulty with the outside "expert" is that he may not understand local conditions thoroughly. Yet, many organization specialists give efficient service of both temporary and permanent value.

In the present phase of American life, the campaign and mass methods of achieving results have become more or less habitual. Experience proves that in raising money for united charities in a city or in revitalizing a local chamber of commerce, outside experience is valuable.

In such campaigns the campaign managers meet every day, both prior to and during the campaign. Plans are discussed, and tried methods of promotion are suggested for gaining objectives. The same methods can be used in building newspaper circulation.

On how many newspapers do the circulation, advertising, and editorial executives meet on an equal footing for the one purpose of checking results and improving efficiency? It is customary for various departments to meet; but the executives of all major departments should also confer and do it frequently.

There are still some editors who feel that the circulation manager is below editorial dignity, with the result that the circulation manager is a mere supernumerary of the business division. United frontal attacks to overcome poor circulation, low advertising volume, or haphazard or slovenly news columns, cannot be effected without the most whole-hearted coöperation.

While recognizing the usual methods of campaigning—contests, premiums, and advertising—a more comprehensive drive might embrace not only the rivalry of contests, the lure of premiums, and the direct appeal of advertising, but also improvement in the product, personal appeal through direct contact by solicitors, and educational efforts before service clubs, such as Kiwanis, Rotary, and Lions, to make a tie-up between the newspaper itself and the community as a whole. The problem is to determine how to capture the public and hold its patronage through service—through satisfaction with the editorial goods to be sold.

One class of newspaper furnishes newspaper merchandise to readers whose education, living standards, and undeveloped literary tastes require a liberal visualization of the text, and whose appetites demand a thrill. In our largest metropolitan centers no inconsiderable part of the population falls into this classification. The newspaper serving this type of reader meets him where it finds him, "in the raw."

While some condemn a newspaper or a group of newspapers appealing to such a public, it must be remembered that some newspapers of the more conservative type are not averse to "jazz" presentation of news and pictures.

The tabloid newspaper makes the same appeal, in a different way of course, that the old New York *Sun* endeavored to make under Charles A. Dana. Frederic Hudson characterized the *Sun* of that day as having the same sensational and personal qualities, although expressed differently, that mark the tabloid and other popular newspapers of many cities to-day.

This flamboyant journalism has an aptitude for extremes, calling every woman beautiful or ugly, an ex-chorus girl or a pretty widow, and having a flair for attaching to the mysterious young tramp the genealogy of a prominent Southern or Eastern family. The effort is to amaze the reader, give him an emotional "kick" and, with a merry chuckle, send him on his daily business. There is a strong appeal to sex in both pictures and text, a quality that is good for reader interest one season after another. But this flashy headline and picture journalism is not without its strong points, its sterling qualities. The heart-starved girl can read about real heroes after a hard day in the store or factory. The discouraged can always find a sermon or a moral. While the tone of this type of newspaper may be extravagant, it is a question whether it causes the "liberality" of this generation or merely reflects it. If it reflects it, it is only holding a mirror to life. If it causes the evils of the present day, its misdeeds must be weighed against its qualities of independence, enterprise, and leadership in worthy undertakings.

The truth is that there are to-day different types of journalistic merchandise. Some are bad, some are good, but neither the good nor the bad is wholly on the one side or the other.

The large-headline, human-interest newspaper has its place and has not only established itself but has influenced more conservative newspapers. Newspapers that were formerly purporting to be moulders of opinion and chroniclers of great events are now running large heads on insignificant stories and using features on intimate subjects. The Chicago *Daily Tribune* runs an eight column head every day of the year; and a conservative newspaper like the Chicago *Daily News,* in 1925, ran a series of articles by Estelle Taylor, telling of Jack Dempsey's first kiss and another article on "How Jack Proposed."

In a country as diverse in population as ours, there cannot be

but one type of journalism. The important thing is that journalism of all types be honest, wide-awake, and profitable.

The unusual success of the Hearst newspapers may be attributed to a constant effort in the direction of circulation promotion, together with an aggressive news policy, and the adoption of a particular type of news and editorial material that possesses universal human appeal.

Contests

The contest idea cannot be criticized as a whole. It is fundamental in human nature, and the newspaper that fails to make some use of it is missing an opportunity. An indorsement of all circulation promotion contests is not intended, but rather a warning that contests, as such, should not be criticized. It is necessary first to understand what form or type of contest is meant. One can no more condemn contests because some newspapers have had poor experience with them than one can attack the church because of a few hypocrites in its midst.

A straight circulation promotion contest has its disadvantages, especially afterwards, when a publisher tries to sell his circulation to space buyers. A contest that brings an unstable circulation is unsound. But a contest that can arouse sufficient interest to win readers and subscribers for a newspaper, in spite of the fact that perhaps they have preferred a rival newspaper previously, possesses merit. A contest that cheapens the newspaper, loading the circulation list with temporary subscribers in large numbers is no less than dangerous to good business. An abnormal and shifting circulation list is unsatisfactory, a source of worry to the publisher, and a thorn in the path of the advertiser.

The best type of contest is the one that interests the carrier boys, capitalizing natural rivalry for the benefit of the newspaper enterprise. The worst kind of a contest is one that fosters discontent among the readers or contestants, that brings unnatural circulation, or circulation that carries no real reader interest.

The carrier-boy contest possibilities are as great as promotion ingenuity can devise. The prizes may be all that a boy's or

girl's heart longs for; they may be jack-knives, dolls, bicycles, savings accounts, books, radio sets, ponies, sweaters, bathing suits, baseball and football equipment, or trips to interesting places.

The subscriber contest if it can increase the alertness of the whole newspaper and if the newspaper can continue on its new and higher level, is not fruitless. However, a contest, from a practical policy standpoint, may be a good thing for a good newspaper, which in truth may not need it, while it may be a bad thing for a newspaper, that may need a contest or some other stimulating force or idea to give it new vitality and business-pulling power.

Types of subscriber contests are similar to those that interest carriers; but the main prizes should likely be greater in order to stimulate greater initial interest. In promoting contests two things must be remembered: (1) choose prizes that gratify the kind of human wants that everyday folks cannot easily satisfy —things that they "day-dream" about; and (2) appeal to the class of readers who have sufficient leisure or extra time to take part in the contest.

Women and children are not confined to the same working day schedules as men. They are, as a rule, more emotional than men; therefore contests that appeal to women and children, if such contests are well poised and well directed, have a good chance for success. Whether this success can be incorporated permanently into the circulation fiber of the paper is for the publisher and his organization to determine.

The cost of contests should be regarded as any other circulation promotion expense. It is one thing to have outside circulation experts, working on a straight contract or a commission, and quite another to have a contest conducted by the regular business staff, with additional clerical force to handle details.

Outside men, experienced in circulation methods, have in many ways the special experience that can be easily capitalized. The danger with a locally managed contest is that it may not have been thoroughly thought out or planned. Another danger with locally managed contests is that they may be allowed to drag. Contests are like campaigns; if they lose momentum

they may "blow," to use the language of William J. Whalon, a seasoned campaigner.

If popularity or beautiful-girl contests are used, the apparent results may be good, but unless the rules are strict and well formulated jealousy may arise or multiple subscriptions for a long term of years may result in a mere waste of paper, as far as reader-acceptance is concerned.

Jealousy may be avoided with strict rules to insure fairness and a stipulation that all workers will receive a commission on subscriptions obtained.

Circulation contests may be conducted for as low as 10 per cent of the receipts, but if effective results are expected it is likely that the publisher will have to pay more. In some lines of business a one-third mark-up is permitted retail merchants; in other words wholesalers and manufacturers sacrifice one-third of every dollar of the retail selling price as compensation to the merchant for placing the goods or services in the hands of the consumer. If the newspaper publisher would be willing to pay such a price for the contest, he would be using good judgment. In some instances, even a larger percentage of cost might be justified, provided the results of the contest in new subscriptions were fairly lasting.

It should be remembered that the United States Post Office Department scrutinizes newspaper contests to determine their effect upon the legitimacy of the subscription list as a whole and their bearing upon the question of the primary design of the publication.

In conclusion, it may be said that contests for carrier and dealer competition are justifiable. For direct appeal, with awards to the winners, contests are of doubtful value. The healthy newspaper does not need that kind of contest. The sick newspaper needs the contest, but the publisher must be certain that the medicine does not kill the patient.

The weekly field, of course, offers opportunities for regular promotion contests for subscribers. As a rule the weekly publisher does not have time to push his circulation. The outside circulation organizer revitalizes the paper and accomplishes other good results. A daily newspaper that is worthy of the name

should have a permanently organized promotion force, perhaps as part of the regular circulation department, to strive for circulation volume of a character to be desired.

Contests may be used to increase or stabilize circulation, to collect back subscriptions, to get immediate cash, to increase trade territory, or to prevent the opposition from any of the foregoing purposes.

According to the Publishers Service Company, 1,001 possible contests can be classified as follows: (1) cross-word puzzles; (2) numerical contests, using hidden number; (3) flag, stamp, or seal contests; (4) letter writing contests; (5) cut picture-puzzle or jig-saw schemes; (6) automobile, voting, or popularity contests, based on subscription sales; (7) story naming; (8) s-letter contest (or any other letter) to find the greatest number of times certain letters are used; (9) cartoon contests based on identity of names, motion pictures, etc.; (10) twin contests, to assemble photographs of many sets of twins; (11) word-building contest to find number of words possible from certain letter combinations.

Premiums

Quality merchandise should be sold at one price for all. Modern selling methods for high-class goods of standard variety and quality are opposed to cheapening a product by lowering the list price. While a newspaper may sell for one to five cents a copy, it fulfills a dignified function in life and should be generally regarded as a quality product both in ideals and craftsmanship. It is better not to use premiums; but there is something to be said on the other side.

While it is better for a newspaper to be sold on its merits, it must be realized that a fair statement of the promotion situation includes other considerations. There are newspapers that for sundry reasons do not have the supremacy in their field. Promotion is necessary and if the premium method will turn the tide in their favor, there is certainly nothing unethical in adopting such a method. It may be poor business judgment to use premiums; but properly used they may aid a paper.

Premiums appeal to Yankee instinct; in fact, the premium

idea may fairly be said to be deeply rooted in human nature; all of us like a bargain. Yet, at the same time, we are quite willing to pay a standard price for a standardized article. So let it be noted again that it is better to obtain the full price for newspapers. Readers who pay the full price for a newspaper are more certain to read that newspaper; space buyers look upon paid-in-full advance subscriptions as sterling evidence of newspaper merit.

There are diverse methods of premium distribution. First, there is the straight premium for a subscription. With every subscription a modern radio, an aluminum frying pan, a safety razor, a leather toilet article, a traveling clock, or any one of innumerable articles, may be used. If the premium method is used, the direct premiums should be worth-while articles of good quality so that they will last at least during the life-time of the subscription, and longer if possible. Premiums must be things people want; but if they want the premium more than they want the newspaper they may subscribe for another newspaper when the subscription expires. A premium-obtained subscriber may not be a permanent one; there is always the danger that another newspaper offering a better premium may take subscribers away from the first premium-offering newspaper. Cheap subscribers do not reflect well on a newspaper's standing, from either the business or the editorial point of view.

Another method of premiums is the coupon method. So many coupons clipped from the newspaper will secure premiums of various kinds. This is distinctly a better method. It costs something to obtain any subscriber. If the premiums are purchased at wholesale prices with an additional discount for the advertising the product will naturally obtain as a result of the newspaper's promotion methods, excellent premiums can be offered, premiums ranging from an inexpensive leather pillow to oriental rugs, from kitchen utensils to over-stuffed furniture.

There are, of course, combination premium methods, such as an arrangement by which a new subscriber can obtain worth-while articles by paying a small amount in addition to a certain number of coupons, or he may obtain a discount from the regular subscription price.

$5,000 ACCIDENT TRAVEL PEDESTRIAN Insurance for One Dollar a Year

The Biggest Insurance Bargain Ever Offered in This Community. No Physical Examination Necessary. No Occupation Barred. Anyone Between the Ages of 10 and 70 May be Insured. Just Send the Application and $1

THIS insurance protects you while walking, while standing on the street, while riding in a motor car, street car, steamboat or other conveyance. The policy is priced so low—only $1 a year—that it is within the reach of everyone. Whole families are being insured under this remarkable offer. No red tape. No delay. No strings of any kind. Simply, send $1 with the application and you are insured. Consider these benefits

Pays $5,000 for loss of life by wrecking of railroad passenger car, steamboat, street car, elevator or automobile. Pays double for loss of both hands, both feet or both eyes under conditions just described. Pays for loss of one hand, one foot or one eye.

Pays $2,000 for loss of life by being struck by a horse or vehicle while walking, or standing on a public highway or being struck by lightning, cyclone or tornado, collapse of public walls of building, by the burning of any church, theater, library, school or public building, hotels, fire or sight.

Pays $1,000 for a period of fifteen weeks for all injuries sustained in the manner specified above. It insured pays to himself the weekly benefit during all unavoidable time he is confined to his house by reason of such injuries, and to his bed by reason of sickness or illness.

Pays $10 a Week

[Other Benefits Explained in Detail at Bottom of Page.]

A Statement by The Star

The Star has advantageous arrangements with The Star Life Insurance Company of Chicago which is a $1,000,000 Accident Policy for one dollar a year. The policy is offered to the best ones offered to this section of the country for such a small premium. The Federal Life Insurance Company has the reputation of promptly meeting its obligations and has shown its reason of $7,000,000.00.

The one dollar must be accompanied by a coupon cut from The Star, and there is no other cost, absolutely none. You need not even be a subscriber to The Star.

The Star does not care only, except this, regarded the selling of insurance policies as a legitimate way of obtaining subscribers, and it will not indulge in such practice.

So we have to be a subscriber to this newspaper to avail yourself of this offer. All you have to do is to send the coupon with the application printed below, to the Kansas City office of the Federal Life Insurance Company, and a policy is forwarded to the subscriber will be issued to you.

THE KANSAS CITY STAR

DO YOU ride street cars? Do you drive a motor car or ride in the cars of your friends? Do you walk? Do you cross streets? Do you stand on corners?

Then you should have the protection which this policy affords. It costs only $1—less than the price of a theater ticket—less than the cost of a meal at a first class restaurant.

A Tremendous Bargain

This policy pays $5,000 for accidental death, due to causes explained in the left.

The man with a straight life policy for $5,000 pays on an average of about $100 a year premium. If he meets death while riding a street car that is wrecked this policy costing $100 a year pays his wife not one cent more than does the $1 policy described in this advertisement.

Were you ever offered so much for so little?

No One Immune From Danger!

Accidents deal injury and death indiscriminately. It is not within the power of man to forestall danger from this source.

Death from natural causes may in some extent be controlled. Illness and pain are warnings that something is wrong. A physician is consulted and the trouble corrected. Preventive medicine, diet and exercise have worked wonders in stayling such diseases as abscesses, diabetes, Bright's disease and tuberculosis.

Accidents come from a clear sky. They strike down the healthiest persons. Tornado, lightning, a defective steering gear, a faulty track, a weakened bridge—

One Name on Each Application!

There is only one way to get the forms now described in this advertisement. It is by sending an application from this ad. Two names cannot be written on one blank. The inspector of records refuses a separate application for each person insured. Please observe the rule. Money and without applications will be returned.

An application blank will be printed in each issue of The Star. Clip the blanks as they appear.

Insure Every Member of Your Family!

Use one application for each member of your family. Give yourself 100 per cent protection.

If you are without living relatives make the policy payable to a friend or to charity. One Kansas City man who availed himself of the insurance wrote yesterday:

"This is a good thing for every one to have even though he or she have no one to leave it to. There are plenty of worthy institutions and many helpless children and old and feeble persons needing support. It would be a blessed help from whether they were remembered or not."

Don't Put It Off!

There's danger in waiting. Such deals happened today. More will happen tomorrow and every day.

Why take chances? Why go another day without the protection of this policy? Get the application off today!

The Federal Life Insurance Company of Chicago

Kansas City Office, 324 Railway Exchange Building

ROBERT A. RIDGWAY, Division Manager

Send the Application and $1

This Policy Protects You as Follows:

You are protected while riding in a railroad train or street car as follows:

PART I

PART II

PART III

PART VII

PART VIII

PART IX

APPLICATION

For $5,000.00 Travel Accident Policy issued to anyone anywhere as a public service by the Federal Life Insurance Company of Chicago, Illinois, but not for This Application is to be filed with

THE FEDERAL LIFE INSURANCE COMPANY

324 Railway Exchange Bldg., Kansas City, Missouri

Robert A. Ridgway, Division Manager.

I certify that I am more than ten years of age and less than seventy years of age, that I am neither deaf nor blind and that I am not employed in the railroad that I intend travel today in public buses and hereby make application for a Policy in the Federal Life Insurance Company of Chicago, Illinois.

Full Name ..... Age last Birthday .....

Address ..... Occupation .....

Place of Birth .....

Date of Birth ..... Age ..... Occupation .....

Write here name and address of person to whom you want insurance paid in case you are killed. Other order is will be supplied to you when ordered.

Beneficiary's Address .....

Subscriber's Address .....

Address for The Federal Life Insurance Co., 324 Railway Exchange Bldg., Kansas City, Mo.

Fig. 7. Presentation of an insurance plan for circulation promotion by the Kansas City "Star"

Premiums given with or without coupons or additional payments are limited in cost, according to the United States Postal regulations, to not more than 50 per cent of the subscription price if the sale is direct from paper to subscriber, or to not more than 70 per cent if made through an independent agency.

By purchasing in wholesale lots, by taking cash discounts for cash payment and, as already mentioned, a discount from the manufacturer or distributor of the product in consideration of the advertising, excellent premiums may be obtained, that seem to have, and often do have, a value in excess of the subscription itself. On this basis, a publisher can offer quality premiums of real desirability at a cost ranging from one-third to one-half of the listed subscription price.

It is one thing to give a premium as an off-set on the subscription price, and quite another to use the same promotion idea in some other form. Good promotion is always needed and new ideas in circulation promotion are always in demand.

Insurance has in recent years played an important and most successful rôle in building newspaper circulation. Through a contract plan with an insurance company, a newspaper can offer its readers accident policies at small cost. The principal on these policies varies from $1,000 to $7,500, the latter figure being the maximum policy offered by the Chicago *Tribune* when it adopted the insurance plan of promotion.

Later the *Tribune* adopted a $7,500-$11,250 accident policy available to persons in Chicago and suburbs, subscribing for home delivery, upon condition of a preliminary term fee of 25 cents and 10 cents a month thereafter. For those not taking the home delivery service of the paper, the policy could be issued on the basis of yearly subscription to the paper.

The insurance plan can be combined with a slightly reduced price of subscription for the paper, with the paper paying the difference between its special rate and its full price, and making provision that a small extra charge be made against the applicant for the benefit of the insurance company.

Undoubtedly this form of promotion is one of the best that has been devised. It furnishes accident insurance at small cost,

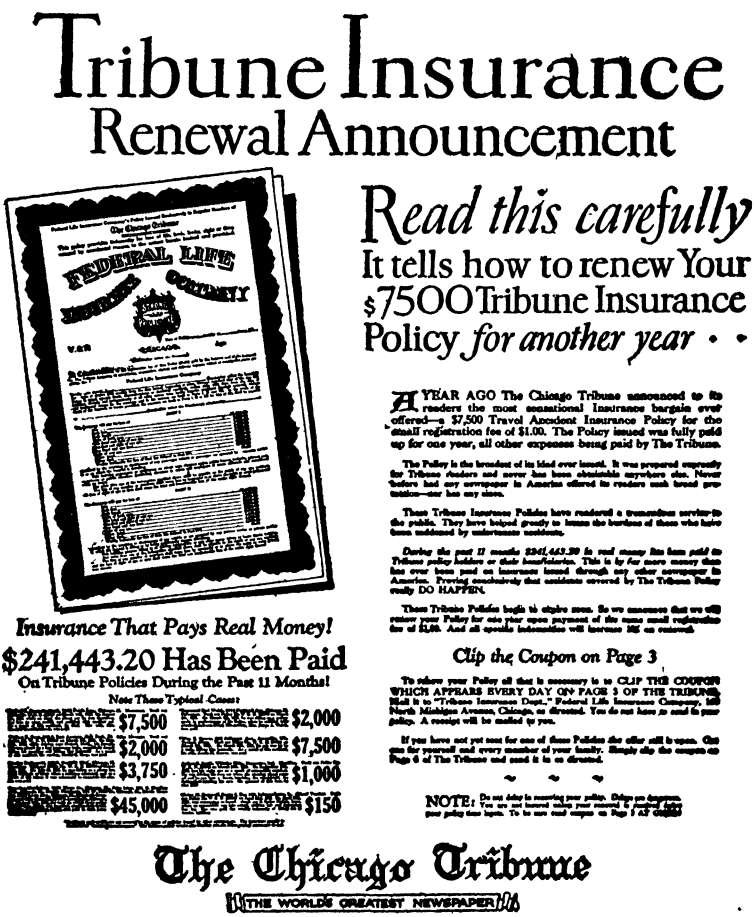


FIG. 8. ADVERTISING OF THE INSURANCE PLAN OF THE CHICAGO "TRIBUNE"

It gives a valuable service to the reader and because of its advantages and low initial cost is a business builder for both the newspaper and the insurance company.

On occasion, plans of giving service may be utilized similar to the insurance idea but distinct from premiums. When there is an ice deliverymen's strike, a newspaper can furnish ice at

cost to all who apply. During a coal famine, coal can be furnished readers or the public. These forms are in reality not premiums, but the effect is far better than the old premium idea that embodied the thought of offering a bait to prospective subscribers by reducing the price of subscription.

A legitimate modification of the premium idea is the group subscription plan, so much favored by national periodicals. In handling country subscriptions, the newspaper publisher can

SUBSCRIBER _____

ADDRESS _____

SOURCE — MAIL_____ COUNTER_____ SOLICITOR_____ AGENT_____

	DATE	AMOUNT	PAID TO		DATE	AMOUNT	PAID TO
1				9			
2				10			
3				11			
4				12			
5				13			
6				14			
7				15			
8				16			

FIG. 9. OFFICE RECORD CARD FOR SUBURBAN AND COUNTRY SUBSCRIPTIONS

afford to offer his newspaper in addition to *Capper's Farmer, Country Home,* the *Country Gentleman, Ladies' Home Journal, American,* or *Liberty* so that any combination of two, three, four, or five publications, including his newspaper, can be obtained at a club or reduced rate. Arrangements for such combination offers can be made through subscription agencies or possibly the magazine publishers themselves.

Advertising

That the business of marketing a newspaper is being regarded more and more as a manufacturer's problem, at least by publishers and circulation managers who are most concerned with plans for merchandising the product, is in no way more strongly emphasized than by the attitude toward advertising taken by

newspapers in more recent years. Formerly newspapers considered their own columns sufficient for reaching the public. Under modern promotion policies, newspaper publishers, instead of trying to lift themselves by their own efforts, are taking space in other newspapers, utilizing outdoor posterboard advertising, car cards, and electric signs.

Danville, Illinois, _____ 192__

To **THE COMMERCIAL-NEWS**, Dr.

For Papers for the Month of _____ 192__

DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Number of Papers																	
DATE	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTALS		
Number of Papers																	

	CREDITS		
	TOTAL		

TOTAL PAPERS _____ at _____ per 100, $ _____

Less Credits _____

Total for Month _____

Balance Forwarded _____

Total Amount Due _____

Account Must be Paid by 10th of Month.

FIG. 10. STATEMENT TO OUT-OF-TOWN REPRESENTATIVES

In smaller cities, where the only promotion methods used have been contests, premiums, or personal solicitation, advertising through other media can often be used to advantage. Each individual newspaper has its own problem to work out in accordance with circumstances.

Personal and Mail Solicitation

The usual method of circulation promotion is that of the personal solicitor employed either on salary or commission or

both. In some cases, solicitation can be effectively handled by mail; but to obtain the best results personal solicitation, coupled with other forms of promotion, is necessary. The circulation department should plan so that some personal solicitation, with a mail solicitation tie-up, can be in operation at all times during the year.

Circulation building should not be dependent upon special campaigns every few months or years. Real circulation success results from constant day-to-day promotion, the utilization of every idea that may be safely used to bring honest circulation increases. Success in circulation management demands constant alertness, and a system that permits no detail to be overlooked.

Local Appeal

The problem of meeting the competition of aggressive metropolitan dailies, in the smaller city or community, by emphasizing local news was discussed under the heading of economic factors affecting circulation. Many examples of papers could also be cited which do not have strong competition of this kind and yet set out to increase circulation by featuring local appeal. The city editor of a small daily in Illinois made it a practice for years to spend one day each week driving through his country territory. His news stories and articles giving a particular farmer's views on crops, a report of some variety of seed used on another farm, the fine new corn crib or silo—including details of how it was constructed and how much it cost—and the fine herd of live stock, feed rations, and breeding methods on still another farm, all told in the rambling, conversational style of the feature story, became one of the most valuable circulation assets of the paper. Farmers and city business men alike found this weekly feature a means of keeping in intimate touch with the day-by-day progress of their community. In addition to bringing in unsolicited subscriptions, this plan prompted speedy renewals. Progressive farmers wanted to read every paragraph on that weekly trip; the story sometimes was carried in two or three sections on as many different days.

Carrier No._____ _____ 192__

DELIVER The Commercial-News to

Name_____

Address_____

Was this subscriber secured by this carrier? { Yes. No.

If you did not get this new customer it shows you were not on the job.

Knock on the door when you leave this paper and make sure you have the right address. Failure to do this costs you 10 cents.

START Date .....

LEAVE PAPER Route .....

To .....

Address .....

.....

.....

To make sure you have started paper to proper party, have subscriber sign below, and return blank to this office.

—o—

To The Bulletin: I hereby acknowledge that my first copy was delivered properly.

Name .....

If service becomes unsatisfactory please call Circulation Department.

PHONE 707

FIG. 11. NOTICES TO CARRIER TO START DELIVERY TO NEW SUBSCRIBER

Features

Whether special features originated in the editorial, advertising, or circulation department, their relation is perhaps closer to circulation than to either of the other two departments. The circulation manager who has originality in making feature appeals is in high demand to-day. In this one phase of his work, the circulation manager needs to be on a parity with the chiefs of the editorial and advertising divisions of the newspaper.

Several chapters might be devoted to a discussion of the many

THE COMMERCIAL-NEWS

Carrier No._____

Mr._____has moved into

_____St. Call on him and get his order.

DON'T WAIT. DO IT TONIGHT

FIG. 12. REMOVAL NOTICES HELP CARRIERS IN GIVING GOOD SERVICE TO SUBSCRIBERS

This particular form was printed on pink paper. Printing the various notices to carriers on paper of different colors helps them to check special duties each time they cover their routes.

ways in which newspapers, through features, have assisted their readers in an economic, social, or humanitarian way. Conducting cooking schools, raising charity funds, educating housewives to buy food more economically, promoting beautiful-yard contests, and numerous other schemes may be utilized to promote good will toward the newspaper.

Feature promotion service is a phase of newspaper enterprise, discussed in another chapter, and related to modified premium plans discussed elsewhere in this chapter. The newspaper that can serve people, whether in making their lives more happy and profitable, or in helping the reader through an emergency when a food, ice, or coal famine strikes the city, is giving both a genuine human service and an opportunity to itself to be a larger factor in the thoughts of the people of its community.

Carrier No._____ _____ 192__

STOP The Commercial-News for

Name_____

Address_____

NOTE TO CARRIER—Watch this house and see that you get a new subscriber here. Do not lose your profit by having this stop. Get a New Subscriber in their place.

STOP

Date .....

PAPER GOING

Route .....

To .....

Address .....

Because .....

.....

.....

.....

Note to Carrier

Remember every subscriber is a direct asset to you. Your profit depends on not only get new subscribers, but in holding all the old ones.

Talk with the above party and make a great effort to hold the subscriber on your list. Thus you will be protecting your earnings, as well as our interests.

Walla Walla Daily Bulletin

FIG. 13. STOP NOTICES WITH ADDED SALES APPEAL

There are always opportunities for the newspaper to serve the public. It may be through the eradication of a political evil, an attack upon a state official who has conspired to defraud the state of public moneys, or a relief expedition to lost explorers who have gone into the frozen North. High prices are always a good subject on which to base feature appeals. The average woman is always eager to know how she can buy more with her customary allowance or her weekly salary.

Some newspapers endeavor to catch the popular imagination with slogan appeals, which are featured in the newspaper's advertising. The New York *Times* features, "All the News That's Fit to Print." The Chicago *Tribune* features, "The World's Greatest Newspaper."

Feature sections are of course necessary to-day with the diversity of life interests. There is the woman's section, the sports section, the radio section, the automobile section, the dramatic section, the financial section, and the real estate section, or at least a page covering radio, automobile, dramatic, financial, and real estate interests.

Magazine sections, with art and stories, fiction or features by famous writers, also help to make and hold circulation. They tend to give personality to the newspaper. Bedtime stories and puzzles for children and sport articles on football, baseball, and boxing are also valuable. It must be remembered that an editor cannot buy features that give real personality to his newspaper, but he can use such judgment in the selection of features that they stamp his newspaper with a certain individuality and attractiveness. The syndicated comic strip is a valuable circulation builder.

Feature Articles

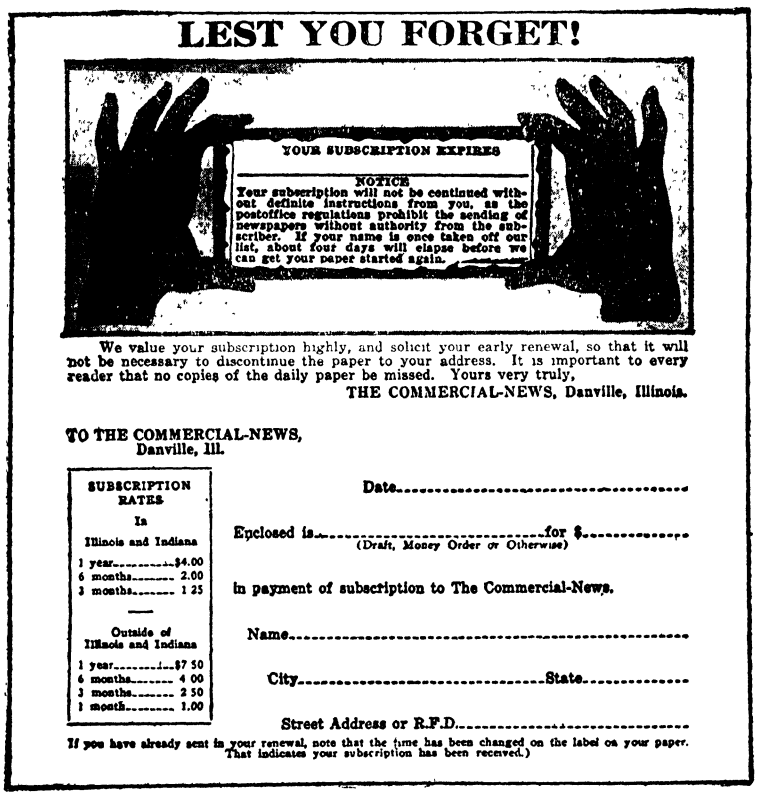
Routine news is now available to almost any newspaper. Even the smallest daily can get a pony service at a nominal cost. But for promotion purposes a careful selection of feature articles such as are supplied by feature syndicates often proves valuable. In these days ordinary news "scoops" are not recognized by the public. Most of the newspapers can obtain the news, especially the well-established newspapers.

DATE _____ DATE _____

ROUTE NO	COMPLAINTS	LAST NIGHT	ON	OFF	TONIGHT	
	NEWS DEALERS					
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						

FIG. 14. CONSOLIDATED DELIVERY RECORD

Such a record helps the circulation manager to obtain a statistical summary of his department.



LEST YOU FORGET!

YOUR SUBSCRIPTION EXPIRES

NOTICE

Your subscription will not be continued without definite instructions from you, as the postoffice regulations prohibit the sending of newspapers without authority from the subscriber. If your name is once taken off our list, about four days will elapse before we can get your paper started again.

We value your subscription highly, and solicit your early renewal, so that it will not be necessary to discontinue the paper to your address. It is important to every reader that no copies of the daily paper be missed. Yours very truly,

THE COMMERCIAL-NEWS, Danville, Illinois.

TO THE COMMERCIAL-NEWS,
Danville, Ill.

SUBSCRIPTION RATES	
In Illinois and Indiana	
1 year	$4.00
6 months	2.00
3 months	1 25
Outside of Illinois and Indiana	
1 year	$7 50
6 months	4 00
3 months	2 50
1 month	1.00

Date.....

Enclosed is.....for $.....
(Draft, Money Order or Otherwise)

in payment of subscription to The Commercial-News.

Name.....

City.....State.....

Street Address or R.F.D.....

If you have already sent in your renewal, note that the time has been changed on the label on your paper. That indicates your subscription has been received.)

FIG. 15. EXPIRATION OF SUBSCRIPTION NOTICE

Full baseball reports may be a determining factor in gaining the attention of one group of readers, but signed feature articles on sports by Grantland Rice, Tad Jones, or Glenn Warner may be the magnet which will attract many marginal readers, or readers who are not regular subscribers to the paper.

Cost of Features

Cost of syndicate service on pictures, feature articles, and news depends upon the quality of the service, the amount of service contracted for and the size of the circulation of the newspaper.

Comic features as a rule sell at from $3.00 upwards while text features may sell for as low as $2.00 or $2.50 a week. A newspaper with a circulation of 5,000 or 10,000 could not likely afford more than two or three comics and perhaps the same number of text features, whereas, a newspaper with 50,000 or 60,000 circulation could afford five or six comics and an equal number of text features.

DAILY AND SUNDAY TIMES-UNION TWICE-A-WEEK TIMES-UNION SUNDAY TIMES-UNION

WRITE PLAINLY NAME OF POST-OFFICE, COUNTY AND STATE

_____, 192__

FLORIDA TIMES-UNION, Jacksonville, Florida:

Send papers as follows, and enclosed find $_____

NAME OF SUBSCRIBER	TOWN	COUNTY	STATE	NAME OF PAPER	TIME	AMOUNT

Form of Dunde Pub. Co.

_____ Representative.

FIG. 16. ORDER RECORD FOR USE OF OUT-OF-TOWN REPRESENTATIVES

Most newspapers use many kinds of syndicate material such as cartoons, fashions, stories, and other features the cost of which is small. A newspaper with 5,000 to 25,000 circulation could probably have good features for about $25.00 a week, while papers with 25,000 to 50,000 could have the same features for about $50.00 a week.

The charge for a picture service may be indicated by the charges of one of the leading picture syndicates. Though in case of special news, such as the Japanese disaster or the tornado in the Middle West in the early part of 1925, no extra charge was made.

Kinds of service and the cost for features from this particular picture syndicate are as follows:

1. Daily photo service from Chicago, Washington, Los Angeles, and New York for newspaper of 60,000 circulation, $20.00 a week.
2. Daily matrix service from New York—ten or more pictures—for newspaper of 5,000 circulation, $5.00 a week; 10,000 to 25,000 circulation, $8.00 a week; 40,000 to 60,000 circulation, $12.00 a week.
3. Daily matrix service from Chicago—ten or more pictures—for newspaper of 5,000 circulation, $5.00 a week; 10,000 to 25,000 circulation, $8.00 a week; 40,000 to 60,000 circulation, $12.00 a week. If from both New York and Chicago, add both amounts.
4. Daily full page pictures from New York—any column size—for newspaper of 10,000 to 25,000 circulation, $6.00 a week; 25,000 to 40,000 circulation, $8.00 a week; 40,000 to 60,000 circulation, $12.00 a week.
5. Full page once a week—publication at about one half the preceding prices.

For a blanket news service, various charges are made. Such a news service as that given by the *Ledger* Syndicate has charges as follows:

1. Newspaper of 5,000 to 10,000 circulation, $50.00 a week
2. Newspaper of 40,000 to 50,000 circulation, $75.00 a week
3. Newspaper of 50,000 to 100,000 circulation, $100.00 a week

This service includes a well-rounded news service as follows:

PUBLIC LEDGER COMBINATION NEWS SERVICE

Runs nightly to capacity of 8-hour leased wire; includes following 3 services:

Public Ledger Foreign News Service

Wire matter averaging 3,500 words a night.

London—Sidney L. Thatcher
William Hassett
Dublin—John Darby
Paris—Raymond G. Carroll
Samuel Dashiell
Jacob Lowry
Moscow—Seymour B. Conger
Berlin—Dorothy Thompson
Munich—Laura Knickerbocker
Rome—Edward Storer
Madrid—G. Travers
Constantinople—Clarence K. Streit
Cape Town—W. J. Makin
Mexico—John Page
Far East Service—Percy Noel, Chief

The foreign service is supplemented by mail correspondence, averaging 8 columns a week, mailed Wednesdays for Sunday release.

Public Ledger Domestic News Service

Washington—Robert Barry, Chief of Washington Bureau
Averages 1,500 words a night
Samuel W. Bell, Edward L. Conn } Average 2,000 words a night
(Query service sold on Washington Bureau dispatches as whole, if preferred. Averages 3,500 words a night.)
New York—Daily Letter "All Over New York," 1,200 words.
Dramatic Letter by Gilbert Seldes. (Weekly. Mailed Thursday for following Sunday. Averages 1,500 words.)

Public Ledger Business News Service

Wall Street Letter
(Daily) By Franz Schneider, Jr., Financial Editor, New York *Evening Post.* Averages 900 words.
Chicago and Middle West
(Daily) By Glenn Griswold, Editor, Chicago *Journal of Commerce;* former Financial Editor Chicago *Examiner* and Chicago *Tribune.*
London Market Lead
By Arthur W. Kiddy, Financial Editor of the London *Morning Post* and Editor of the (British) *Banker's Magazine.*
Weekly London Letter
By Herbert N. Casson, covers important business happenings in England of special interest to Americans. Wire every Sunday night for Monday release. (One column.)

Supplemented by the following reports by mail (weekly or semi-weekly):

Woolens and Textiles; Philadelphia and Boston. Cotton Goods and Shoes; New England. Iron and Steel; Pittsburgh, Birmingham, Youngstown, Cleveland, and Chicago districts. Coal; Bituminous and anthracite fields. Agriculture; All sections, particularly the important Northwest and Kansas City, gateway to the Southwest. Rubber; Akron. Cotton; Texas and other Southern cotton belts. Lumber; Seattle and adjacent Northwestern regions; also from the yellow-pine belts of the South. Oil; Texas and Oklahoma. Special Industries of the Pacific Coast, Mississippi and Ohio Valleys, Canada, Alaska, Hawaii, the Philippines, Mexico, Cuba, and the West Indies.

Press association rights help build the service a newspaper can deliver to a subscriber. The United Press or International News services are purchased. The Associated Press franchise is voted to a newspaper which pays pro rata for the full or part service it receives. Special mail stories are furnished by press associations in addition to wire service.

A publisher of a newspaper of 5,000 circulation could buy from the King Features Syndicate the following well-rounded features at indicated prices:

Magazine page features:

Fashion Layouts, 3 a week Daily short stories by various authors Popular Science Articles by Serviss Your Health by Copeland The Home Kitchen, 3 a week Home-making Helps, 3 a week	$20.00 a week

Comic features:

Toots and Casper by Murphy Tillie the Toiler by Westover The Potters by McEvoy Just Like a Man by Knott	$5.00 to $10.00 a week each

Sport features:

Sporting Articles by Frank G. Menke, $5.00 a week
B. C. Forbes features on Finance, $10.00 a week
The cost increases as circulation increases.

In solving the problem of selecting features, the aim should be, after giving first attention to news and interpretation, to carry such syndicated material as is necessary to give the newspaper proper balance.

Radio

Circulation managers have been alert to capitalize the radio as an element in circulation promotion. First, radio has been capitalized editorially and the circulation managers have featured radio, as they have featured cross-word puzzles, or some other passing fancy. Second, newspapers have exploited radio

by the installation of radio stations, a method which is expensive, more expensive in fact than some publishers of newspapers in smaller towns wish to incur.

Cultivating Nonsubscribers

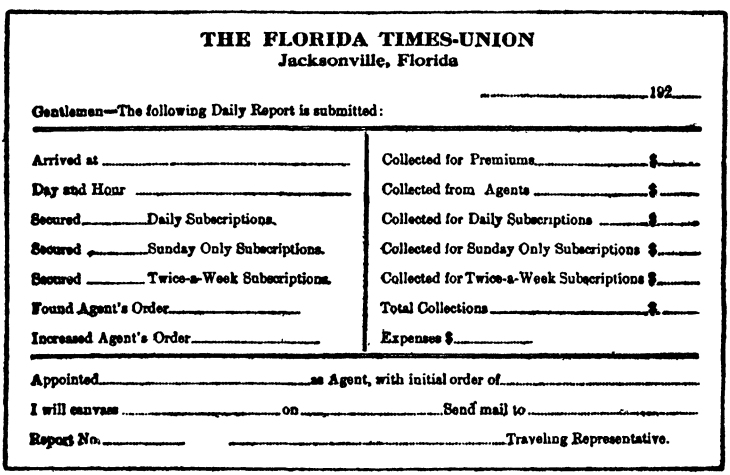
The constant aim of the circulation manager should be to place sample copies of his paper in the hands of nonsubscribers. This aim may be carried out in a number of ways. In smaller cities it is easy to know who are subscribers and who are not on the regular lists. Sample copies can be left at homes of nonsubscribers for a week, with a follow-up from a solicitor. Letters can be addressed to nonsubscribers. But in the larger cities where there is a large street sale distribution, such methods are not so easy.

Promoting Country Circulation

Obtaining subscriptions in country and suburban territory presents a perplexing problem, from the standpoint of administration and expense, different from that of handling city circulation. Many newspapers have built up a special state or mail edition that is attractive to out-of-town prospects. In seeking country circulation the afternoon paper is at somewhat of a disadvantage. The morning paper prints the news in the night and is able through fast express train service to place newspapers in a wide territory on almost the same competitive terms as another morning newspaper in a smaller neighboring city. The afternoon newspaper, on the contrary, prints its news during the news-breaking period of the business day. It is consequently difficult for the afternoon newspaper to have the latest news and to have it distributed in a very wide zone outside the city in time for evening reading in the home. For a long time the Chicago *Daily News* considered the closely knit Chicago territory its field, but in 1925 it enlarged its circle of distribution taking in territory forty miles distant from the city. This plan is a good one, for around Chicago, as around many other large cities, the suburban movement is rapidly developing. Good roads and the automobile have made it

possible for thousands to realize a long-felt desire to live in a semirural section. Fast express railroad service gives commuters easy transportation at low cost. The *Daily News* has tried to meet this new condition and is succeeding admirably in delivering its regular edition at homes miles from the center of the city before six o'clock in the evening.

A morning newspaper, such as the Detroit *Free Press,* the Spokane *Spokesman-Review,* or the New York *Times,* can reach a much larger territory, having editions on sale and in



THE FLORIDA TIMES-UNION
Jacksonville, Florida

_____ 192____

Gentlemen—The following Daily Report is submitted:

Arrived at _____	Collected for Premiums _____ $____
Day and Hour _____	Collected from Agents _____ $____
Secured _____ Daily Subscriptions.	Collected for Daily Subscriptions _____ $____
Secured _____ Sunday Only Subscriptions.	Collected for Sunday Only Subscriptions $____
Secured _____ Twice-a-Week Subscriptions.	Collected for Twice-a-Week Subscriptions $____
Found Agent's Order _____	Total Collections _____ $____
Increased Agent's Order _____	Expenses $____

Appointed _____ as Agent, with initial order of _____

I will canvass _____ on _____ Send mail to _____

Report No. _____ _____ Traveling Representative.

FIG. 17. DAILY REPORT FORM FOR KEEPING CHECK ON TRAVELING REPRESENTATIVES

thousands of homes miles from the place of publication, early on the day of issue.

Country circulation methods are not unlike many of those used in city circulation building. The great difficulty is that country circulation cannot be handled administratively as well as city circulation. This difficulty must be taken care of by adequate inspection of all out-of-town distributing agencies in an effort to make such delivery satisfactory to the reader. With a satisfactory newspaper and legitimate enterprise, a circulation manager should be able to build sound out-of-town circulation.

Contact with Subscribers

In the usual course of administration of a circulation department the subscriber is brought into contact with the newspaper directly in several ways, for there must be cordial relations with the public whether a subscription is being made, renewed, or stopped. A complaint should receive the same courteous attention as a renewal of a subscription.

Renewals and New Business

A newspaper organization which is turning out a satisfactory product should enjoy a high percentage of renewals. The percentage of renewals varies with circumstances, but it has been estimated that a newspaper should enjoy, as a fair maximum, 90 per cent renewals. A newspaper that allows its renewals to drop below 75 per cent of its expirations cannot be said to be in a healthy condition.

New business must be obtained to make up losses of subscribers. Removals from the city, death, and dissatisfaction cause most of the failures to renew. For removals and death the circulation department can of course do nothing but balance the loss by new subscribers. Conditions accounting for disgruntled subscribers should be found out and eradicated, if possible.

In taking care of the normal loss of subscriptions each year the circulation manager is on the defensive, but the best defensive is a strong offensive. A vigorous policy of fighting for circulation should not only make up normal losses but increase circulation volume. There are few newspapers that are living up, 100 per cent, to their circulation possibilities.

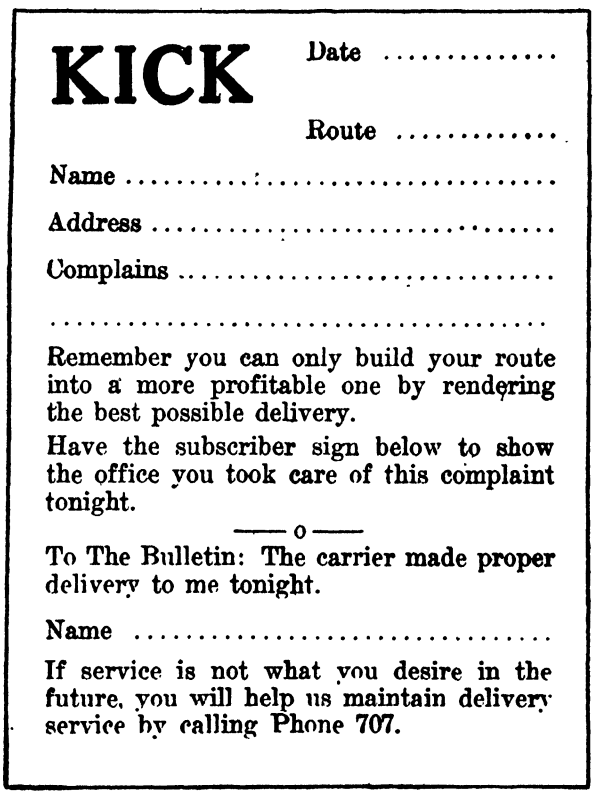
Solicitation

In using a personal solicitation force, the same management is necessary that is required in the sales department of any business organization. There are three types of newspaper solicitation, employing respectively full time adults, part time solicitors, and carriers.

On larger dailies that wish to have a large country circulation and to develop intensively their city and suburban terri-

tory, some form of solicitation must always be in force. A newspaper circulation department cannot afford to rest on its oars.

The full time adult solicitation force on larger newspapers covering a wide area should be under the direction of district



KICK

Date .....

Route .....

Name .....

Address .....

Complains .....

.....

Remember you can only build your route into a more profitable one by rendering the best possible delivery.

Have the subscriber sign below to show the office you took care of this complaint tonight.

—— o ——

To The Bulletin: The carrier made proper delivery to me tonight.

Name .....

If service is not what you desire in the future, you will help us maintain delivery service by calling Phone 707.

FIG. 18. COMPLAINT NOTICE TO CARRIER

men, who are in turn under the country or city circulation manager, as the case may be. These district men can instruct the solicitors on the important points of salesmanship that should be observed in order to gain maximum results.

Each solicitor should believe in himself as a salesman and in the newspaper he is trying to sell. These two essentials should

be prerequisites of the sales force. All district men should first receive a course of special training from the circulation department head or equally capable assistants.



FIG. 19. COMPLAINT NOTICE TO CARRIER

Complaints to carriers may be decreased by calling carriers' attention at the time of each complaint to penalties attached.

It is of importance that solicitors be courteous, that they have persistence and enough energy to stay on the job until satisfactory results are obtained.

In every city and town there are always persons eager to earn a little money "on the side," either for extra spending

money or for assistance in meeting the ordinary financial requirements of living. If district circulation men can learn who such persons are in their territory, one or more of the best of them can be used as auxiliary agents to aid full-time solicitors.

Carriers may seem too young to present the newspaper's case adequately to prospective subscribers, yet if their energy and imagination are fully aroused, they can be made persistent and effective solicitors. A boy can gain entrée where an older person would fail. His youth and enthusiasm awaken interest and, once interest is developed, he has a fairly straight road either to a reasonable explanation why the paper is not wanted or to a sale.

Carriers can become the best solicitors in the world. Not all of them, it is true; but there are youngsters who can make sufficient returns to justify the development of this phase of circulation promotion.

Development of an *esprit de corps* among the carriers not only adds to the number of new subscriptions but makes the regular work of the carriers more efficient.

On smaller newspapers, or in smaller cities, the carrier boys can even develop their nose for news or sell a want ad now and then. While the carrier's main attention should not be taken from his regular duties, he may well be taught to feel a genuine interest in all parts of the newspaper. If the carrier force plan is used, special literature of a nature to appeal to boys must be prepared.

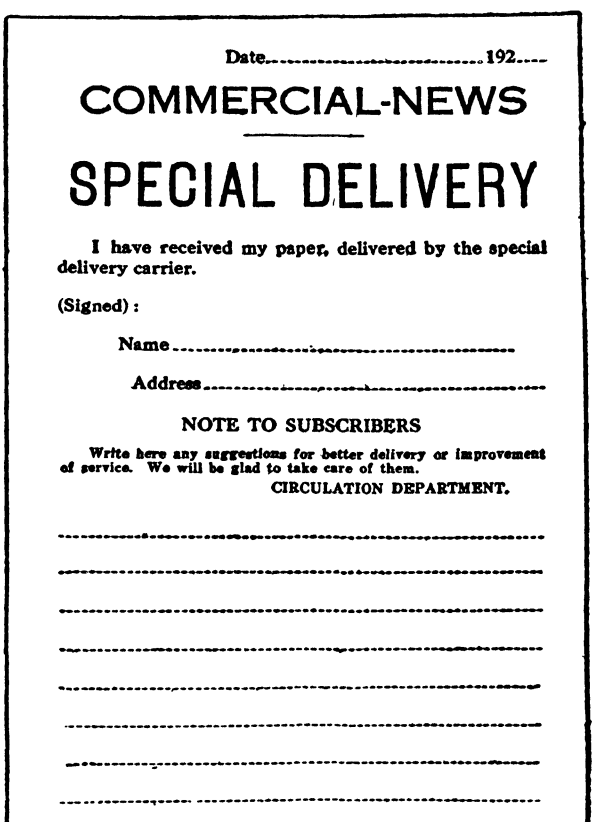
The development of a carrier force can be effected by means of want advertising in the publishers' own paper as well as in the afternoon or morning contemporary. Good carriers can be requested to give the circulation manager the names of friends whom they would like to see engaged on the carrier staff.

One newspaper offered prizes to boys who would turn in lists of possible carriers in their respective schools. Direct offers to eligible boys are often effective; two circulars can be sent, with the request that the second circular be given to a friend. Experience on one of the Chicago newspapers is that boys who

produce the best results are above the sixth grade in school. Younger boys are apt to become discouraged.

Two Papers to a Home

An enterprising circulation manager of a western city, realizing that in a large number of cases the man of the family car-



Date.....192....

COMMERCIAL-NEWS

SPECIAL DELIVERY

I have received my paper, delivered by the special delivery carrier.

(Signed):

Name.....

Address.....

NOTE TO SUBSCRIBERS

Write here any suggestions for better delivery or improvement of service. We will be glad to take care of them.

CIRCULATION DEPARTMENT.

FIG. 20. SPECIAL DELIVERY RECEIPT FORM OF THE DANVILLE (ILLINOIS) "COMMERCIAL-NEWS"

ried the morning newspaper with him on his way to his office, and appreciating that the advertisers thus lost their appeal to the women of the household, adopted a plan of leaving two

papers at a home for only a slight increase in price per week. This plan gave both the husband and the wife a copy of the morning paper and tended to increase circulation.

While this plan has some merits, it is not, on the whole, a good business policy. Any publisher knows that his subscription price does not pay a large net profit, if any at all. Then why increase the white paper burden merely to add a compara-

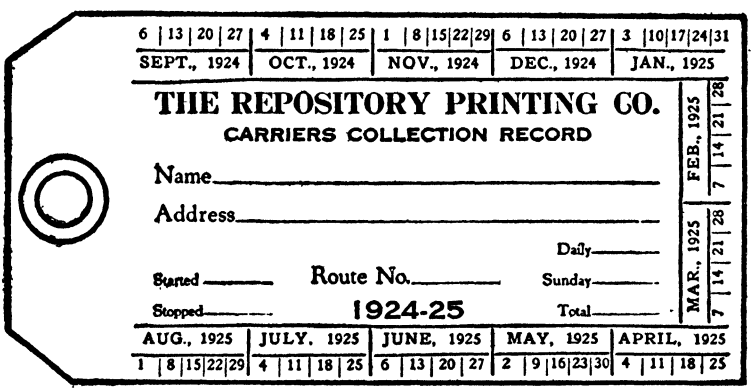


FIG. 21. CARRIER'S INDIVIDUAL ROUTE CARD AND COLLECTION RECORD

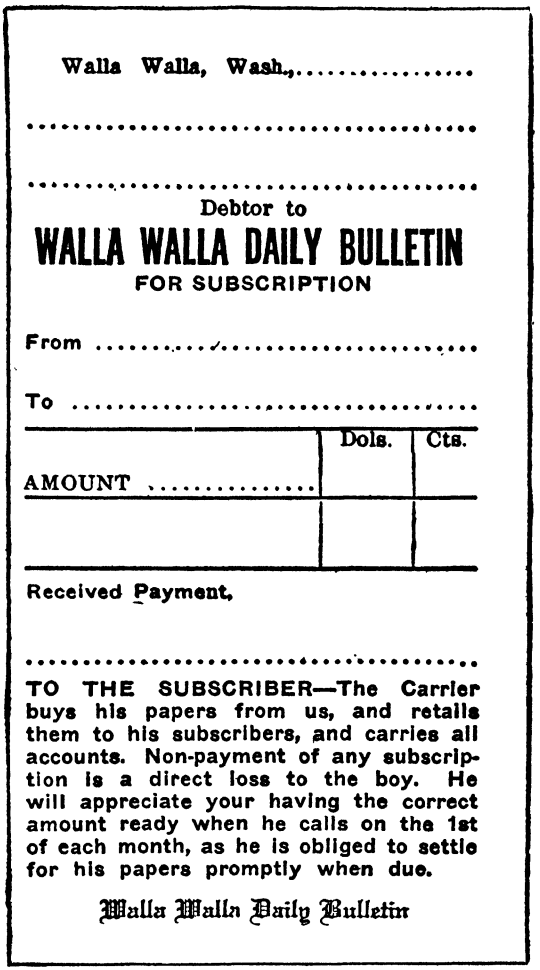
Carriers' routes can be listed on 2½ by 5½ inch cards which can be carried on a fairly good-sized steel ring. If the cards are listed in order, new carrier boys can be taught the routes easily. Duplicate lists should, of course, be retained by the circulation department. The card as used by the Canton *Repository* serves as a carrier's record of each subscriber's account. Weekly collections are indicated by punching out the date that ends a week's delivery of the paper.

tively few subscribers? The number of families reached is not increased directly by such a policy.

If there is a demand for two papers in a home, two full subscription prices should be charged, thus preventing needless expansion of circulation, which is not likely to justify an increase in advertising rates.

Complaints

No better opportunity presents itself for the newspaper to impress itself favorably upon the mind of the subscriber than is offered when a complaint is made. There should be no com-



Walla Walla, Wash.,.....

.....

.....

Debtor to

WALLA WALLA DAILY BULLETIN

FOR SUBSCRIPTION

From .....

To .....

	Dols.	Cts.
AMOUNT		

Received Payment.

.....

TO THE SUBSCRIBER—The Carrier buys his papers from us, and retails them to his subscribers, and carries all accounts. Non-payment of any subscription is a direct loss to the boy. He will appreciate your having the correct amount ready when he calls on the 1st of each month, as he is obliged to settle for his papers promptly when due.

Walla Walla Daily Bulletin

FIG. 22. NOTICE TO SUBSCRIBER THAT COLLECTIONS ARE MADE ON THE FIRST OF THE MONTH

The personal, human-interest appeal strengthens the use of this circulation statement.

plaints, of course, but as long as frail humanity exists there will be complaints regarding newspaper delivery service.

The first step toward the circulation department's objective of a low complaint curve can be taken when a new subscriber

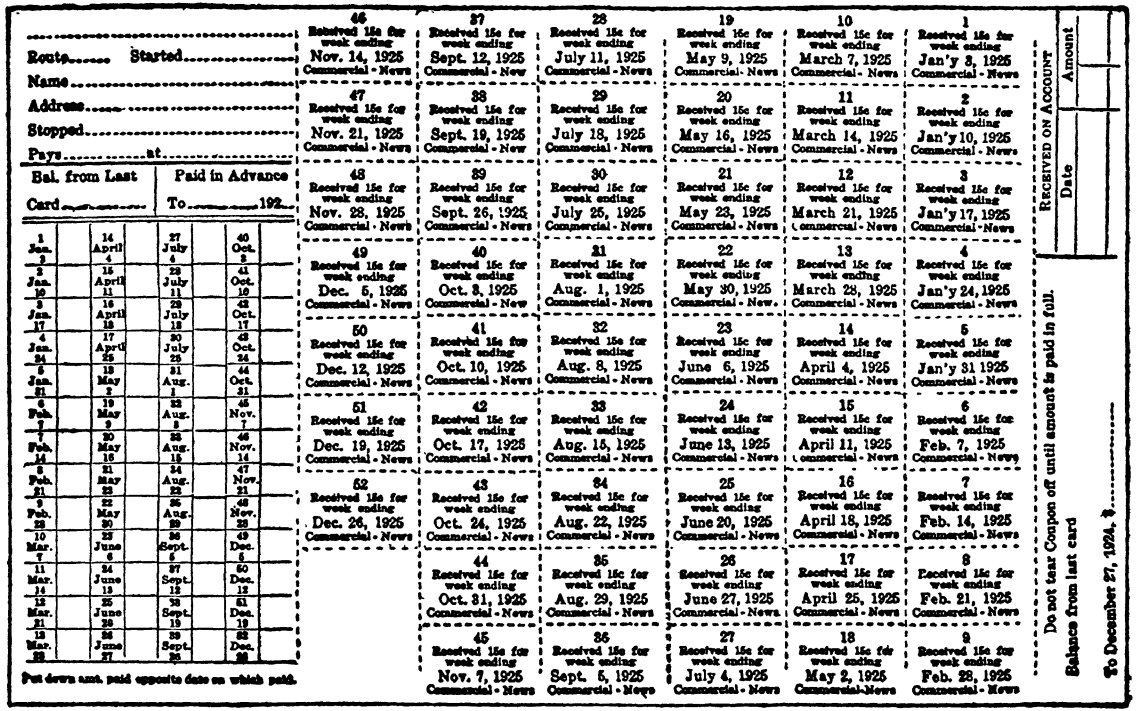


FIG. 23. SUBSCRIBER RECEIPTS PRINTED IN ADVANCE

is added. It should be required that each new subscriber give a signed acknowledgment when the delivery of the first paper is made. This plan gives the carrier an opportunity to learn just where the subscriber wants his paper delivered and impresses the subscriber with the system back of the delivery of each paper. It also gives the subscriber the opportunity of knowing the boy who delivers his paper. Unfortunately this plan is only feasible on afternoon newspapers, as a rule. Morning newspapers are delivered too early to permit asking subscribers to sign acknowledgments of delivery. This difficulty can be overcome by having the carrier call at the new subscriber's home after school or on Saturday to inquire if the paper is being received satisfactorily. If the circulation manager does not care to intrust this duty to his carriers, a girl in the circulation department can telephone the new subscriber's home or office for such an acknowledgment of satisfactory service.

Complaints should be treated courteously. On receipt of a complaint immediate steps should be taken to have another copy of the paper placed in the complaining subscriber's hands as soon as possible. In smaller cities the newspapers can have one or two boys for this work, or, if prompt service can be obtained, a telegraph messenger can be used. In larger cities, delivery of papers to complainants can be made from district stations.

Through the adoption of penalties, the circulation manager can help reduce complaints to a minimum. For every just complaint the carrier can be penalized. But if penalties are enacted, rewards should also be given for efficient service, thus furnishing a positive incentive along with the negative. A system of merits and demerits can be worked out so as to serve the interests of all parties, the newspaper, the carrier, and the subscriber. It is not too much to penalize a carrier five cents for every just complaint, and perhaps three cents for every complaint whether just or not. This method may seem a little harsh, but any bad effect can be counteracted by rewards for good service so that at the end of each month carriers with high point standing receive either cash or prizes. Three grand

prizes can be offered for the three leading point winners for the year.

Salary or Commission

It is always a problem to know whether it is better to pay carriers and circulation solicitors a salary or a straight commission. In smaller cities carriers can be placed on a straight salary basis, especially if there are rewards for excellent service.

Some solicitors may be paid on a commission basis, especially part-time solicitors; but skilled salesmen should be given a drawing account, or a stated allowance, in order to insure a feeling of permanent relationship between the paper and themselves.

Young Americans have the business instinct. It is always well to capitalize this by making the carriers little business men on their own accounts, with the reservation made that all routes are owned and controlled by the newspaper, except perhaps in case of independent carriers, of which practically all newspapers have at least a few.

The newspapers can be sold to the boys at figures ranging from $1.50 to $2.20 a hundred papers. The difference between the cost to the boys and the monthly delivery or daily street sale price is the carriers' profit.

It must be remembered that carrier boys are principally minors and that a regular legal contract is not necessarily binding; but this legal aspect of the situation is unimportant, for the "little merchant," or commission, plan exists only on the basis of good performance. While a circulation manager can not sue a boy, the newspaper never suffers great loss, for most boys are ambitious and honest. Dishonest boys should be taken off the carrier force at once.

The commission plan helps in making collections, if collections are made by carriers. Boys are unusually persistent in collecting money, a part of which belongs to themselves.

Collections

Different collection systems are in force in all parts of the country, but the fundamental principles are usually the same.

1924-25 **Evening and Sunday** 1924-25

REPOSITORY

CARRIER'S COLLECTION RECORD

Subscriber's Name _____

Street Address _____

Date Started _____

Stopped _____

Terms—Payable Weekly.
Daily—6 cents per week.
Daily and Sunday—10 cents per week.
Sunday Only—5 cents per week.

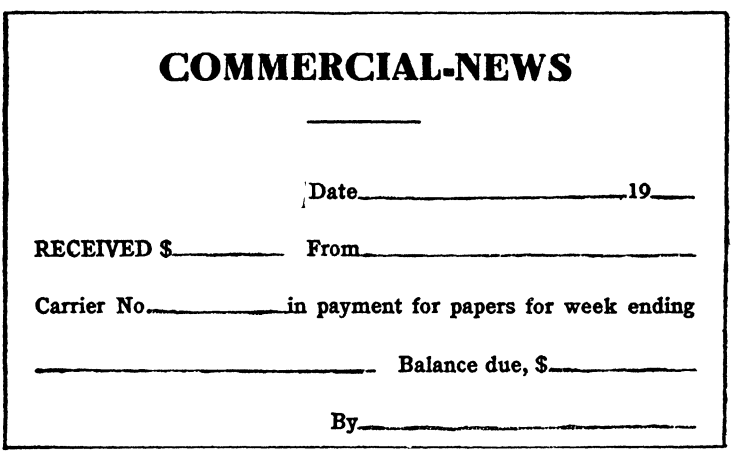
All complaints of failure to receive your paper, late arrival or carriers failing to deliver paper at proper place, please notify Circulation Department, The Repository Printing Company, McKinley No. 1. After 6:00 P. M. and Sunday, McKinley No. 4 or 5.

Week Ending Saturday		Week Ending Saturday
SEPT., 1924 6 | 13 | 20 | 27	Each Repository carrier is his own merchant and should be paid each week when he calls, as he is required to settle weekly with The Repository Printing Company. Carriers should not be expected to make repeated calls for collections, as the number of deliveries made and the time required in collecting routes does not permit of this. We appreciate the patronage of every Repository subscriber and hope they will be willing to make it a point to have the amount for the week's collection ready for the carrier when he makes his first call for same. Any failure on the part of subscribers to pay is direct loss to carrier. Please bear in mind that though the amount is small in each individual case, in the aggregate it is a serious matter to the carrier that serves you. WALTER S. BRAIN, Circulation Manager, The Repository Ptg. Co.	APRIL, 1925 4 | 11 | 18 | 25
OCT., 1924 4 | 11 | 18 | 25		MAY 1925 2 | 9 |16|23|30
NOV, 1924 1 | 8 |15|22|29		JUNE, 1925 6 | 13 | 20 | 27
DEC., 1924 6 | 13 | 20 | 27		JULY, 1925 4 | 11 | 18 | 25
JAN., 1925 3 |10|17|24|31		AUG., 1925 1 | 8 |15|22|29
FEB., 1925 7 | 14 | 21 | 28		Have carrier punch your card after each collection.
MAR., 1925 7 | 14 | 21 | 2[illegible]		

FIG. 24. SUBSCRIBER'S RECEIPT CARD TO SHOW COLLECTIONS MADE BY CARRIER

Dates are punched out by the carrier when collections are made each Saturday. Dates punched correspond to the dates punched by the carrier on his subscriber's tag.

To aid the carrier boys in making collections and in preserving businesslike relations with subscribers, it is necessary for the newspaper to adopt a strict, uniform system of records and collections whether or not the commission system of paying carriers is used. Printed coupon receipt books, dated by the week, are useful. These coupon books can be numbered and charged to each carrier, who can give a coupon receipt to each subscriber on payment of the weekly subscription. Where



COMMERCIAL-NEWS

Date_____ 19____

RECEIVED $_____ From_____

Carrier No._____ in payment for papers for week ending

_____ Balance due, $_____

By_____

FIG. 25. RECEIPT GIVEN CARRIER FOR HIS COLLECTIONS
The office should retain a duplicate of this record.

regular home-delivery subscribers pay by the year, special arrangements must be made with the individual carrier by the newspaper using the commission form. In the case of a yearly advance payment, the boy should receive a proportionate amount of cash profit on the account each week. To allow him more than a week's share on yearly subscriptions might bring about difficulties, for another boy might be carrying the route the following week.

Deadheads and Waste

The newspaper circulation manager who fails to watch leaks in circulation is clearly inefficient. If the facts were known, on

many newspapers, the number of overprints, returns, deadheads, and waste papers would be surprising. As in all other management, efficiency consists in not only productive revenue but also in elimination of all unnecessary waste. If a newspaper is a member of the Audit Bureau of Circulations, a good check is obtained; nevertheless, the circulation manager should check carefully at least once a year to see that unproductive copies are not cutting down net circulation revenue.

COUNTER REPORT

Papers Upstairs _____

Class. Adv. _____

City Adv. _____

Files and Office _____

Duplicates _____

Sales _____

Employees _____

Left Over _____

Total _____

FIG. 26. A FORM SHOWING WHAT BECOMES OF PAPERS CHARGED TO THE OFFICE

Such a record is helpful in preventing waste of copies.

Because a newspaper sells at a low price is no reason why subscriptions should be given to favorite politicians or even to members of the newspaper staff. It is customary for certain members of the staff to have newspapers every day for office use, but there is no reason why anywhere from 50 to 700 or 800 extra subscriptions should be added to the free list for home delivery. Newspapers should pay their men enough so that if they want the newspaper delivered at home, they can afford to pay for this service. But there can be no objection to adver-

tising and editorial men taking home daily editions from the office, especially if the papers have been distributed for office use and if there is no further need for such papers.

The press run does not constitute the legitimate circulation by any means, and it is the legitimate circulation that is recognized as a basis for proved circulation figures and advertising rates. Efficient management dictates that only enough extra copies of the paper should be run to take care of actual needs.

Returns should not be allowed, as they are a thorn in the side of the circulation manager. The returns problem can be easily solved by making absolutely no allowance for returns, except in cases in which, for unavoidable reasons, papers fail to reach carriers or district agencies.

In the case of a new newspaper, some provision for returns may have to be made. As a newspaper becomes better established there should be a known ratio between actual orders for papers and the press run. Newsdealers should be trained to order only about what they need; profit on handling papers should be enough so that, on occasion, dealers feel justified in ordering extra papers. Another means of solving the returns problem, and at the same time protecting the interests of the newspaper, is to call out-of-town dealers advising them of a special story and inquiring if extra papers are wanted. If occasion requires, extra papers can be sent to dealers on memorandum; these papers should not be charged to dealers if the papers remain unsold.

Trial Subscriptions

Concessions may safely be made to trial subscribers. Special introductory rates for two weeks, a month, or three months are satisfactory means to promote mail circulation, if proper attention is given to United States Post Office regulations regarding sales costs. If the trial subscription method is used, a definite follow-up policy should be enforced so that the headway gained is not lost by slipshod methods. Efforts to reach new families in the community, or newly married couples, with trial subscriptions are usually fruitful.

Special Editions

Special editions have some circulation value because they center interest on different phases of local life and business. Special sections, such as accompany the regular news sections on Sunday or week days, are the outgrowth of special features and are needed to take care of specialized interests. In the average newspaper of a large city, the real-estate news, for example, cannot be handled very well as regular news, for there

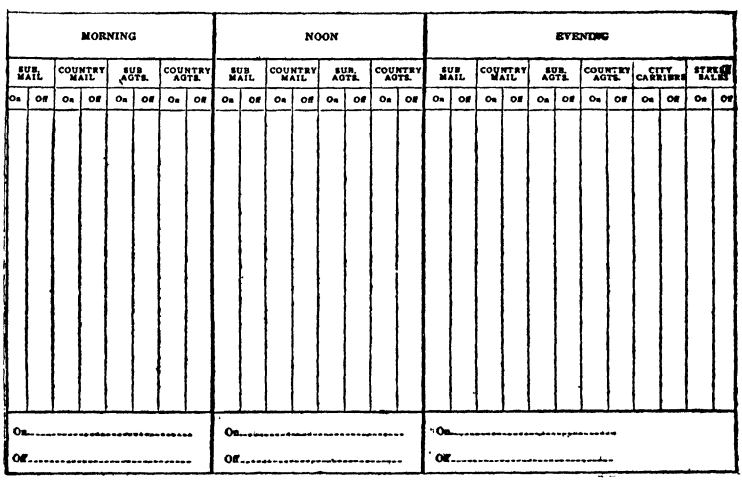


FIG. 27. FORM FOR RECORDING OUT-OF-TOWN SUBSCRIPTIONS BY EDITIONS

is too much material of special interest to those dealing in real estate. It is therefore necessary to have special sections, such as the dramatic, automobile, woman's, society, real estate, financial, and radio. In some cases, the special sections need not be separately printed or folded sections but merely pages of the regular paper. Sunday newspapers usually combine one or two special fields of interest into one separate section. As an outgrowth of special feature articles, there have developed the magazine, the children's department, and the home economics pages in many newspapers.

One value of these special sections or pages is that they give opportunity to solicit advertising from business houses

particularly affected by the special news or features. Financial advertising is obtained for the financial pages, real estate and home building advertising for the real estate pages, and the like.

Some newspapers use special editions or sections on different days of the week; for example, a literary magazine with the regular edition on one day, an art edition on another, and a special radio section on another, and so on. This system has been used successfully.

If a newspaper goes far afield to issue a special edition several times larger than its usual size, there is a two-fold danger. One-time advertisers will likely come into the issue without good copy or an advertising plan, and consequently will get no sales results. The presence of a larger volume of advertising, a volume that is far out of line with the normal business, discriminates against regular advertisers; the attention of readers is diverted from the regular advertisers in the paper. A special annual financial or business review is all right, but a special edition for practically no reason at all is not good policy.

Circulation Revenue

In the early history of the American press circulation revenue about equalled advertising revenue, but modern conditions have thrown the two far out of balance. Circulation figures have mounted, but the effect on revenue has been largely through increasing the value of advertising space. The circulation price has remained about the same, though it is true that some newspapers have gone from one cent to three cents.

Circulation revenue does not normally increase in the same ratio that advertising revenue increases. It is difficult to fix with certainty the ratio of advertising to circulation revenue; however, it has been found by experience that in daily newspapers of 5,000 to 25,000 circulation the advertising revenue runs from approximately two to four times the revenue from circulation.

Coöperation

The newspaper business is known as a form of enterprise in which men will fight long and hard to succeed. For genuine

CIRCULATION DAILY REPORT

_____ 192____

CITY

City Carriers .....
Newsdealers .....
Street Sales .....
Counter Sales .....
City Mail .....
TOTAL CITY PAID .....

SUBURBAN

Carrier .....
Dealers .....
Mail .....
TOTAL SUBURBAN .....
TOTAL CITY AND SUBURBAN .....

COUNTRY

Carriers and Dealers .....
Mail .....
TOTAL COUNTRY PAID .....
Special or Bulk Sales .....
TOTAL NET PAID .....

SERVICE COPIES

Advertisers .....
Employes .....
Correspondents .....
City Employes .....
R. R. and P. O. Employes .....
TOTAL SERVICE COPIES .....

UNPAID COPIES

Adv. Agents .....
Exchanges .....
Comp. by Mail .....
Samples .....
Office Use and Files .....
TOTAL UNPAID .....
TOTAL DISTRIBUTION .....
Left Over and Spoiled .....
Copies Unaccounted For .....
Press Run .....
No. Pages .....
Total Collections .....
Total Collections To Date .....

_____
Manager Circulation Dept.

FIG. 28. DAILY CIRCULATION REPORT USED BY ONE NEWSPAPER

success there must be both coöperation in each department and coöperation among all departments.

The circulation department is the neck of the bottle. Papers must pass through the hands of the circulation department before reaching the readers; it is therefore necessary to have the best possible coöperation in the circulation department, and this cannot be expected unless there is an effort at thoroughgoing sales management.

Men and women who are willing to work with real heart interest in the publication should be chosen for circulation work. They must be courteous and efficient.

Perhaps no better form of coöperation can possibly be effected than that among carriers. Carriers can be a big asset to the newspaper and consequently time spent in their selection is time wisely spent. The carrier must not be the know-it-all type; neither should he be a shrinking violet. He should be a wide-awake American boy full of life, ambition, and a willingness to work hard for success. A boy should be treated with respect and with the appreciation that he is a human being. Such an attitude on the part of the circulation manager will obtain from the boy much more than could be obtained from a machine.

In another chapter is given the plan in use on the Grand Rapids *Press* for the promotion of good will among the carrier boys. The proper *esprit de corps* can be maintained only if effort and attention are directed wisely toward carrier coöperation. The annual picnic, the theater party, and the league baseball or college football games, all offer opportunities to make the carriers proud to be members of the newspaper family.

In these days the circulation manager cannot be a minor clerk looking after the problem of circulation. On the smaller newspapers, the circulation details may be handled by clerks, but the circulation problem itself demands the best thought of the publisher. On larger newspapers, the circulation manager must be a wide-awake executive, with vision and imagination and a system.

At the time of big conventions, for example, the editorial department should coöperate fully with the circulation department. Unless the editorial department advises the circulation

department of significant gatherings, extra copies may not be at hand for sale following the close of convention sessions. Naturally, the circulation department should watch out for itself; but as a check there should always be the closest harmony between department heads and a working arrangement for imparting information to the circulation manager. A fire in the packing house district calls for many extra papers. As soon as the significance of the fire is known, the city editorial desk should advise the circulation department so that circulation equipment can be utilized for distribution of extra papers to the affected and neighboring districts.

Likewise, the circulation department should know, well in advance, of particular editorial features that are to be in forthcoming issues.

The editorial men usually have a keen appreciation of good headlines, especially banner and streamer heads. But these heads are written hurriedly and there is not always time to consult the circulation department. Sometimes the circulation department possesses better sales knowledge than the editorial department men, and a word of advice from the circulation manager may mean that for a make-over edition a better headline with greater sales appeal can be written. A better headline may mean a difference of several thousand street sales, especially in the larger centers, where the marginal reader buys the paper that seemingly contains the livest news.

CHAPTER V

PROVED CIRCULATION

Value of Proved Circulation

Circulation without verification is akin to an unnamed, unknown, or unmeasured product. No good merchant would purchase goods "sight unseen." He knows how many pounds or how many dozens there are in every bill of goods for which he pays. So the advertiser of to-day demands definite proof that what he is buying is "all wool and a yard wide."

Various attempts have been made to verify circulation but, in general, these have been more or less ineffectual. A few publishers have thought that affidavits to the effect that a newspaper has a certain circulation figure should suffice. In cases of daily or weekly newspapers with very limited circulation, say under 1,000 copies per issue, this method may be feasible, but for any daily or weekly newspaper, seeking national advertising, such a system of certification has little recognized standing. The personal standing of the publisher making such an affidavit may be good, but space buyers in New York and Chicago, where contracts for large advertising accounts arise, do not know him and are not satisfied with mere affidavits. Their reason is not entirely that they doubt the word of some publisher in Montana or Vermont but rather that they do not know what a particular publisher defines as circulation.

It is because advertisers have awakened to the necessity of knowing what they are buying, that there has come into the field the Audit Bureau of Circulations. This organization is to the newspaper business what the national bank examiner is to modern bankers. It does for the business department what the Associated Press does for the editorial department. It enhances newspaper circulation value. It serves its members to the benefit of the public as a whole.

Circulation to-day is more than a problem of selling and distributing newspapers; it is a problem of providing for the advertiser a valuable list of readers representing potential business for him. It is necessary for the publisher to see that his paper stands well with advertisers and space buyers in the advertising agencies.

The publisher, in order to claim his share of national advertising, should realize that his circulation must be more than just so many readers. The advertiser wants more than volume alone. He demands a knowledge of the distribution by cities, towns, or districts, as well as information concerning the type of subscriber.

Properties of Circulation

For these reasons, it is said that circulation has length, breadth, and thickness. Length of circulation is measured by the number of net paid subscriptions. Breadth of circulation is determined by the extent of territory into which the publication goes. How wide is its distribution? Over how many townships or states does it circulate?

Thickness of circulation refers to the regard or standing the paper has in the territory in which it goes. Obviously a publication with a weak editorial policy, with a careless appearance, and with inaccurate handling of news material, will not have the confidence of its subscribers, while a publication with character, with a reputation for square dealing, and with a policy which consistently fights for sincereness and accuracy in its editorial columns, as well as truth in its news columns, will enjoy the confidence and high regard of the communities in which it circulates.

History of Circulation Verification

Advertisers to-day require circulation information as a matter of course, and very few consider the purchase of advertising space without authentic information on the number of copies circulated. This requirement by advertisers of nationally distributed articles is due largely to the educational work carried on by the Audit Bureau of Circulations. To understand fully

the work of the Bureau, it is essential to know something of the inception and development of the idea of verifying the circulations of newspapers and periodicals.

There are three distinct periods in the history of efforts to verify circulations. In the early days of advertising in this country attempts were made to collect newspaper lists, but these efforts were in no way audits of circulation.

The second attempt to gather accurate information about newspaper circulation was made in 1899, when the Association of American Advertisers was formed, one function of which organization was the verifying of newspaper and periodical circulation. This effort marks the initial foundation of circulation verification.

In 1913 the plan of the Association of American Advertisers was abandoned, because the cost and responsibility of verifying circulation was too heavy for the national advertisers to carry alone. In the same year a third attempt to solve the problem of circulation verification was made, and the formation of the Audit Bureau of Circulations was the result.

First Efforts to Collect Circulation Data

Circulation audits, as they are known to-day, were not contemplated in the early history of American advertising. Lists were about all the advertisers desired. In those days very little was known in one section of the country about the newspapers or periodicals published in other sections. The advertising agents were really only space brokers for the newspapers and magazines; their chief function was to use their lists, which were guarded with the greatest care. According to views held by the advertisers the best agency was the one which had the longest list of publications.

George P. Rowell, of Boston, an advertising agent, controlled a New England list. One day in 1866 there came to him a request for a list of newspapers in Nova Scotia, New Brunswick, and Prince Edward Island. There was no such list and so Mr. Rowell, with the aid of a number of journeymen printers, employed in local printing houses in Boston, compiled a list of approximately two hundred newspapers, a list which afterward

proved to be only 60 per cent correct. Many of the papers on Mr. Rowell's original list had ceased publication; others had been absorbed, while still others had changed their rates.

From this experience Mr. Rowell saw that if his agency survived, it would have to build up lists of newspapers and periodicals in localities other than New England. Soon after, a list of New York State publications was compiled and added to the Rowell list already established.

Later, in 1870, Mr. Rowell decided to issue a newspaper directory, but this undertaking met with considerable opposition on the part of New York and Boston advertising agencies, who protested against it vigorously believing that the publication of lists broadly would take away their only stock in trade. It seemed to them that if advertisers could secure from one source, such as a general directory, a list of publications in any section of the country, the reason for their own existence would be gone entirely.

What actually took place, however, was that gradually the advertising agencies became *space buyers* instead of *space brokers*. This step marked the beginning of the great advertising agencies of to-day, which have to space buying added many other service departments for the benefit of the advertisers.

The American Newspaper Directory of 1870 gave circulation figures, and also the location, politics, rates of publications, as well as the population of the towns and cities served.

"Claimed" and "Estimated" Circulation

Circulation was not understood then as it is to-day and there was considerable reluctance among the publishers to give out information. Many publishers felt that "every one takes my paper" or that "my paper covers the community." To think that any one doubted their word or questioned their claims was merely irritating.

But before long advertisers and publishers, too, began to realize the importance of accurate circulation figures, and, with each succeeding issue of the newspaper directory, additional efforts were made to check the accuracy of the figures given out by publishers.

When, in 1870, it was decided to publish a book of information on circulation, the editor of the directory asked the publishers for statements. After these figures in the book, the word "claims" was inserted. Some advertisers were not satisfied with "claims," and then the publishers offered to prove their claims by affidavits and otherwise.

It became evident that, if the directory were to be an authority on circulation figures, the word "claims" must go. Henceforth those publishers who afforded definite proof of circulation had their circulations stated positively, without qualification. In all other cases, the word "estimated" followed the publishers' figures in the directory.

Within a short time the word "estimated" became as objectionable as "claimed" had been before, and publishers asked that this word be omitted. To this request, the reply was made that "estimated" could not be omitted unless there was an offer to prove circulation figures. But this response gave dissatisfaction. When the practice of using the word "estimated" was started, it was for the purpose of protecting the honest publisher from the dishonest. The practice was difficult to maintain, however, and was finally abandoned. The editor of the directory made the following statement in the preface:

> A statement, in detail, of the number issued is now all that is required, and this may be made in any form which suits the convenience of the publisher furnishing it. If notoriously false, it is likely to be disregarded, and, in any event, is liable to receive the critical scrutiny of rivals capable of bringing to bear much positive knowledge on the subject.

"Gold Mark" System

The publishers' attitude at the time was, in the main, antagonistic to supplying accurate circulation figures; on the other hand, there were some who saw the decided advantage of telling the truth. For the encouragement of this latter attitude, Mr. Rowell originated the gold mark system, consisting of a circle and a dot placed opposite the name of the publication supplying a sworn statement of circulation. No attempt was made to audit circulations.

If a publisher offered a sworn statement, the gold mark was used. An offer of $100 was made to any one who could prove one of the circulation statements false. This offer meant only that Mr. Rowell had confidence in the sworn statement of the publisher.

In case a publisher gave out an incorrect or distorted statement, he ran into two dangers: first, a rival publisher could discredit him, and, second, the rival publisher could claim the $100 award for making the exposure.

Steps toward Defining "Circulation"

"Circulation" had no definite meaning in those days. To some publishers circulation meant nothing more than the press run. The thought seemed never to occur to them that the number of papers circulated and read might not correspond to the number printed. Apparently no consideration was given to unsold papers, spoiled copies, or returns. To-day wasted or unused copies are not included in the net paid circulation statement.

As advertising increased in volume, advertisers began to feel that they had a right to know definitely about the circulation of the papers they used. These advertisers wanted to know where the papers went, who paid for them, and why some readers thought enough of a paper to subscribe for it over a term of years. The outcome of the feeling on the part of the advertisers was the organization of the Association of American Advertisers in 1899. This association endeavored to obtain the consent of publishers to have their circulation books audited.

The initiative for these audits arose entirely among the advertisers; there was no means to force the publishers to comply with the advertisers' requests. Some publishers would submit to an advertiser's audit; others would not. Even if permission were granted, there was no means of making an audit over a considerable period. Some publishers tried to prevent anything like accurate figures being obtained.

The members of the three A's felt that they alone were interested in obtaining the circulation figures. They were pioneers in the field; they were considerably handicapped because of

the lack of facilities and authority to carry out their aims. In the first place, there were not sufficient funds to carry on this work. There was, of course, need for development of scientific methods of auditing, for heretofore there had been no standard of circulation audit practice.

When the association made an examination the publisher was granted a certificate, for which he paid the association. He could purchase this certification or not as he desired.

The Audit Bureau of Circulations

In 1913, it was realized that the circulation verification work of the Association of American Advertisers could not continue. There seemed to be little appreciation of the benefits of the three A's audits; there was only a limited acceptance of the plan and there was a tremendous cost which fell heavily upon a comparatively few national advertisers. The Association was heavily in debt. Its board of directors realizing that it could not continue under the old plan, conferred with Stanley Clague, then President of the Western Advertising Agents' Association, who outlined a plan to bring together not only the advertisers, but also advertising agents and publishers, in a coöperative movement which would accomplish the purpose of the Association of American Advertisers. The plan was accepted by the board of directors of the three A's and supported by advertising agents and leading publications. A guarantee fund was raised to put the plan in operation. The basic principles underlying this plan for a coöperative movement, which would solve the financial difficulties heretofore encountered, clearly and definitely emphasized the fact that the last decision concerning the standards of circulation verification must rest with the advertiser. Russell W. Whitman was the first managing director of the Bureau. From 1917 to 1927 Stanley Clague was managing director.

It was realized that while it was desirable to have the counsel and advice of publishers and advertising agents, which had previously not been available, the majority rule of any class of publishers would prove disastrous to the accomplishment of the object desired. To safeguard this it was provided in the consti-

tution that a majority of the board of directors should be advertisers. The Board consists of twelve advertiser members, three advertising agency members, six daily newspaper publisher members, two magazine publisher members, two farm paper publisher members, and two business paper publisher members, making twenty-seven members in all, each serving two years without salary.

About this time the Association of National Advertising Managers was also considering this problem. The objects of both movements were the same, except that the eastern group felt that the publishers alone should stand the burden of the expense in making the audits, while the advertisers and the advertising agencies should carry the overhead of the organization. This plan, at first supported by the eastern group, was later abandoned when it was realized that the full coöperation of all factors in the advertising and publishing world was the only means to a practical solution.

Platform of the A. B. C.

In December, 1913, sufficient funds were raised to warrant the sponsors in forming a definite organization and the Audit Bureau of Circulations was created under the laws of Illinois as a non-profit organization.

In the spring of the following year, the first convention was held at which by-laws, rules, and regulations were formulated. These by-laws and regulations were adopted and the work of the Bureau was begun on a sound basis of coöperation.

The plan adopted provided for a mutual association made up of national advertisers, advertising agencies, and publishers, all interested and all sharing in the control of the organization, with the single provision that the advertisers were to be dominant on the board of directors. Funds for the maintenance of the Bureau were to be obtained by assessing each publisher proportionately to the amount of his circulation, and each agency and national advertiser on the extent of the service given by the Bureau.

As specified in the by-laws the objects of the Bureau are:

> The objects of the Audit Bureau of Circulations shall be to issue standardized statements of the circulation of publisher members; to verify the figures shown in these statements by auditors' examina-

tions of any and all records considered by the Bureau to be necessary; and to disseminate circulation data only for the benefit of advertisers, advertising agents and publishers.

Each report issued to members shall embrace verified figures and facts bearing on the quantity, quality, distribution of circulation, and circulation methods, thereby enabling quality as well as quantity to be established; facts, without opinion, to be reported.

This movement for the establishment of the A. B. C. was sound; it grew out of the mutual recognition of the need for coöperation. It was not a case of one or two of the groups setting up a checking agency on the other.

By submitting his case to the advertiser the publisher knew that his paper would benefit; he knew that it would be to his advantage to weed out the circulation fakir. After years of distasteful experience with inefficient circulation audits and unsubstantiated circulation reports, the publisher realized that such a triple alliance as the A. B. C. was a necessity.

For the agency and the national advertiser, as well as for the local advertiser, the Bureau became a protection. It enabled these members to know exactly what they were paying for when they purchased white space in any of the publications of publisher members.

How the Bureau Functions

All circulation facts are made known. To accomplish this, the A. B. C. is authorized to examine and verify all records of a publication which may directly or indirectly concern circulation.

This rule of examination and verification naturally brings up the question of membership. Prior to a publisher's recognition as an A. B. C. member, he must sign an application agreeing to show all and any records which the Bureau deems necessary for an accurate audit of his newspaper. He must lay all his cards upon the table.

When the idea of thorough circulation audits was yet new, many balked when the time came for an examiner to go over the papers' books, for some publishers felt that the privilege of seeing the publications' records might result in betraying

inside information to competitors. So carefully has the Bureau been administered that the examination privilege has never been abused. Knowing this, publishers to-day are not reluctant to give A. B. C. auditors access to any record thought necessary by the Bureau in a careful checking of circulation.

Nature of A. B. C. Audits

If a publisher says that he has a circulation of 25,000 daily, the Bureau wants to know, first, whether he buys enough paper to care for a circulation of that size. Pressroom records must be examined. Evidence must then be shown to prove not only that 25,000 papers were printed but that they were placed in the hands of subscribers.

Further, the Bureau wants to know how the readers or subscribers were obtained. Were prize contests or premiums used? If so, are the 25,000 subscribers interested readers of the paper?

One of the first steps in the work of the Bureau was to determine what is meant by "net paid circulation." The second step was the standardization of the information obtained from publishers.

While the government counts as a net paid subscriber one whose subscription is not more than one year in arrears, the Audit Bureau of Circulations has made a mandatory ruling to the effect that the subscription to be counted as "net paid" must not be more than three months in arrears.

A net paid subscription, according to the Audit Bureau of Circulations' standard, is one that is not more than three months in arrears and one for which the subscriber has paid at least 50 per cent of the basic subscription price, a provision subject to conditions defined by the Bureau. This ruling has gone a long way to lend credibility to circulation figures and has been of benefit both to the honest publisher and the advertiser.

"Government Statements of Circulation"

Nonmembers of the A. B. C. when making so-called "government statements of circulation" still claim, as net paid, subscriptions which are more than three months in arrears, unpaid

service copies and subscriptions for which 50 per cent of the basic price has not been paid.

Some circulation of this character is still reported to the government and the report then is issued under the claim that it is a "government statement." But there is no government check or audit. In spite of this fact, a few advertisers still accept these statements as "government statements" instead of "statements to the government."

The value and scope of the work of the Bureau may be fully realized when it is known that its reports are accepted as authentic and reliable by advertisers, advertising agencies, and publishers everywhere on the North American continent. In fact, so wide has been the acceptance of the Bureau's work, that there is now recognized a real economic need for a World Federation of Audit Bureaus of Circulations.

One of the most valuable assets of the Bureau is its accumulated experience. It has built up its records, always profiting by the pioneer work of the organization. The Bureau has been able to carry on its work in a way that no other similar organization has ever been able to do; this accomplishment has been possible because other organizations have lacked ample income, as well as the coöperation of practically all those interested in correct audits.

In the early days of the Bureau there was an attempt to employ public accountants, assign them by districts, and thus have audits representing the work of outside accounting authorities. This plan was found impractical, however, because the standards and requirements in the advertising and publishing business were unfamiliar to the average accountant. Profiting by this early experiment, the Bureau learned that the ability to make accurate reports on a newspaper's circulation required specialized training. The earlier idea has been periodically revived by local or state organizations on the theory that the cost of A. B. C. audits was prohibitive for small papers. This theory was usually advanced by persons unfamiliar with the working of the coöperative plan which makes it possible for any paper with less than 2,000 circulation to participate in the A. B. C. for $1.00 a week. These local or state organization

plans are invariably abandoned after a careful study of the cost involved.

Membership in the A. B. C.

There are two general types of memberships in the Audit Bureau of Circulations, corresponding to the character of service given. In one group may be classed the advertisers and advertising agencies (buyers); in the other are the publishers (sellers). The first group receives publishers' statements and audit reports made by the publishers and the Bureau respectively.

The service the Bureau gives the publisher is not only to audit his books, but to make suggestions regarding his system of bookkeeping, so that he will be able to give accurate information for the benefit of the advertisers and have a better understanding of his own business.

Classes of membership in the Bureau include advertisers, local advertisers, advertising agencies, associate advertising agencies, publishers and miscellaneous members. Publisher memberships include newspaper publishers, farm paper publishers, business paper publishers, and magazine publishers. Advertising and advertising agency memberships include advertisers, local advertisers, advertising agencies, associate advertising agencies, and miscellaneous members. The only difference in the advertiser and advertising agency group memberships is in the number of reports received.

The Bureau realizes that to give the fullest possible service, some diversification in the number and type of reports is necessary for special purposes. Some local, associate, or miscellaneous members may be interested in only the reports on publications in certain territories. An associate advertising agency member may need reports on several farm journals or business publications at a particular time because of a special advertising account; a large department store in a metropolitan city may be interested in only the reports on local and suburban newspapers in its territory. Through the associate advertising agency or local advertiser membership provisions it is possible for such members to obtain that information which will meet their special needs.

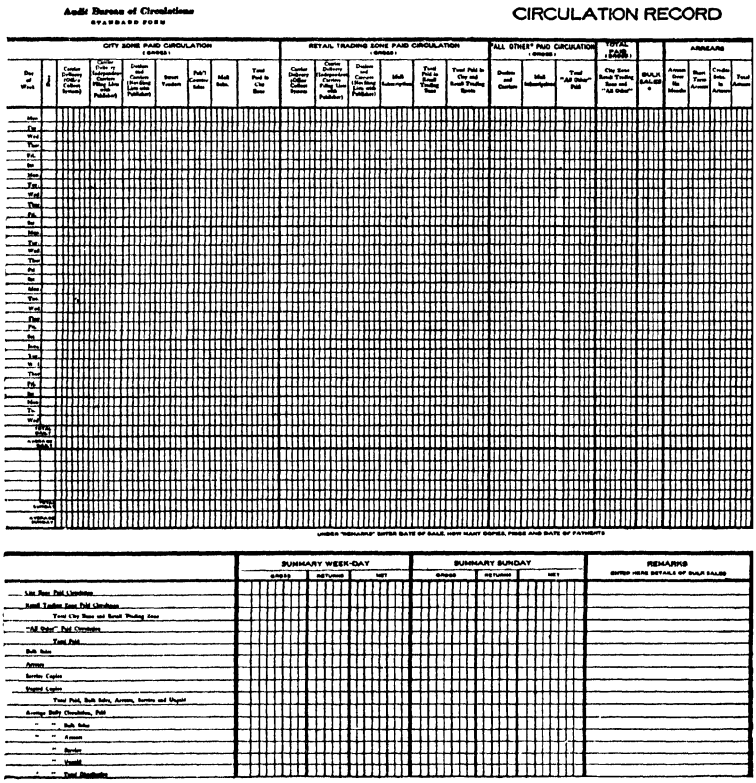
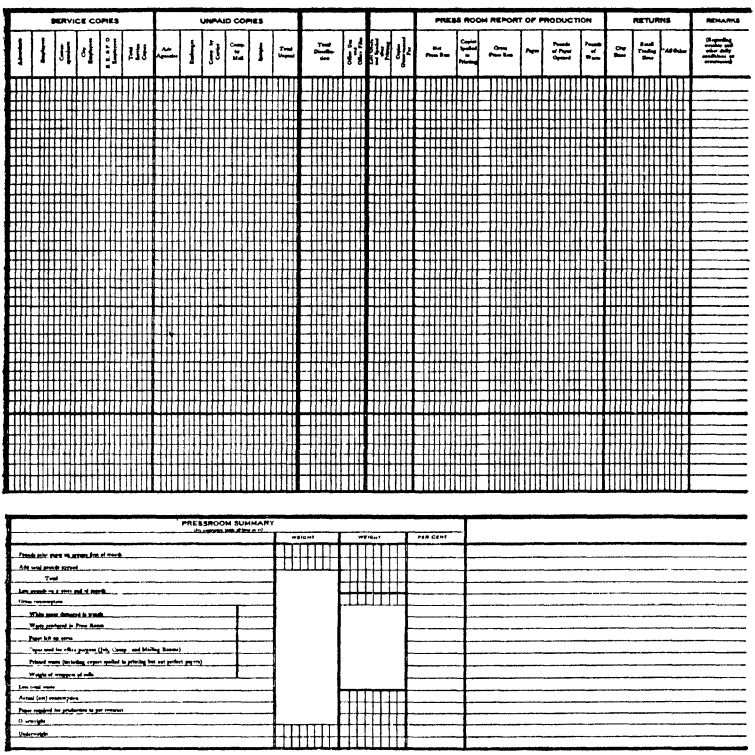


FIG. 29. STANDARD FORM OF CIRCULATION RECORD

Membership Requirements

In applying for membership in any of these classifications, the applicant must signify in writing his intention to observe carefully the by-laws and rules of the Bureau.

If the applicant is a publisher, he agrees to keep such records as will permit an annual audit of this circulation and to keep as records all original bills for paper, original subscription orders, and one or more mailing galleys each month, as well as a complete record of cash receipts and disbursements, with the circulation income segregated. He deposits the equivalent of


FOR MONTH OF _____ 193__

SERVICE COPIES | UNPAID COPIES | PRESS ROOM REPORT OF PRODUCTION | RETURNS | REMARKS

PRESSROOM SUMMARY

OF THE AUDIT BUREAU OF CIRCULATIONS

the first year's dues and signs the Bureau's circulation analysis blank, showing what records are being kept and what records are still necessary.

Merely filling out a blank, however, does not entitle the publisher to announce his membership in the Bureau, or even his application. Such announcement is not permitted until the application is formally accepted in accordance with an established procedure.

Within a reasonable time after the application is filed, an auditor is sent to investigate the condition of the publisher's records. If this investigation shows that the publication is in a

AUDIT BUREAU of CIRCULATIONS

1. TENNESSEE 2. CHATTANOOGA 3. THE CHATTANOOGA NEWS

4. Established Evening, 1888. 5. Published Evening except Sunday.

6. Statement covers 6 months ending March 31, 1937.

7. General Newspaper

8. Daily average net paid circulation by zones & distribution methods	AVERAGE NET PAID CIRCULATION Evening
CITY ZONE	
Carrier delivery by independent carriers filing lists with publisher	23571
Dealers & Carriers not filing lists with publisher	559
Street Vendors	1758
Publisher's Counter Sales	6
Mail Subscriptions	
Total City Zone (Population (1930 Census) 131,000)	25894
RETAIL TRADING ZONE	
Dealers & Carriers not filing lists with publisher	10631
Mail Subscriptions	726
Total Retail Trading Zone (Population (1930 Census) 276,000)	11357
Total City & Retail Trading (Population (1930 Census) 407,000)	37251
ALL OTHER	
Dealers & Carriers	2659
Mail Subscriptions	159
Total "All Other"	2818
TOTAL NET PAID excl. Bulk (For bulk sales, see Par 10)	40069
AVERAGES BY QUARTERS:	
October 1 to December 31, 1936	39572
January 1 to March 31, 1937	40566

9. Net press run by editions & time of issue: *(These figures include spoiled in distribution, free copies, unsold & allowances)*

Edition	Hour		Copies	Evening, Mar. 18, 1937 Hour		Copies	Day	Hour		Copies
1st				11 27	AM	3925				
2nd				1.20	PM	13400				
3rd				2.49	PM	23400				
4th				4.24	PM	7750				

For explanation regarding distribution see Par. 28.

10. Daily average bulk sales in all zones: Evening, 16.
Representing a total of 2496 sold to commercial interests in lots of 6 to 10 copies at 1¾c. Distribution being made by the purchaser.

FIG. 30A. PAGE 1 OF PUBLISHER'S SEMIANNUAL REPORT TO THE AUDIT BUREAU OF CIRCULATIONS

condition to be audited, the Bureau makes an initial audit. The applicant becomes a member upon the release of an audit to both Bureau advertiser and advertising agency members.

PUBLISHER'S STATEMENT — NOT AUDIT REPORT
NEWSPAPER FORM — Period Ending March 31, 1937

[This statement is subject to Annual Audit by the Audit Bureau of Circulations For Audit Report refer to latest white paper form]

11. Daily average unpaid distribution			Evening	
Arrears over Six Months				
Short Term Subscriptions in Arrears				
Credit Subscriptions in Arrears				
Total Arrears				
Service Copies, Local Advs., Employees, etc .			144	
Advg Agencies, Complimentary, Samples, etc			1310	
Total Arrears, Service Copies, etc			1454	

12. (a) Territory included in City Zone in Paragraph 8. *(See explanation in second column of reverse side)*

12. (b) Description of area & eight largest towns in Retail Trading Zone in Par. 8: *(See explanation in second column of reverse side)*

13. Prices:

(a) Basic Prices	By Mail				By Carrier					Single Copy
	1 Yr.	6 Mos	3 Mos	1 Mo	1 Yr	6 Mos	3 Mos	1 Mo	1 Wk	
M, E & S. M & S . E & S. .. M. & E . M only E. only S. only	$4 00	$2 00	$1 25	50c	$7 80	$3 90	$1 95	65c	15c	3c

(b) Basic price to R. F. D. subscribers: Same as by mail in Par 13(a).
(c) Basic price by carrier outside city zone: Same as by carrier in Par. 13(a).
(d) Basic price to motor route subscribers: Same as by carrier in Par. 13(a).
(e) Special reduced prices: To mail subscribers in Tennessee, Alabama, and Georgia during Jan, Feb and March, one year $3 48
(f) Prices higher than basic: By mail outside Tennessee, Alabama and Georgia, 1 year $7 50, 6 months $3 90, 3 months $1 95, 1 month 65c.
Single copy price outside Chattanooga 5c

14. (a) Were returns accepted or allowances made for undelivered, left over and unsold copies?
City Zone, Yes, Retail Trading Zone, Yes, "All other," Yes.

(b) Were these deducted from gross draw, so that only net paid is shown in Par. 8? Yes.

We hereby make oath & say that all statements set forth in this Statement are true.

HUBERT E. JOHNSON, Circulation Manager — W C JOHNSON, General Manager

Subscribed and Sworn to before me this 1st day of April, 1937

LEON C. GERRARD, Notary Public

My commission expires April 9, 1940.

FIG. 30B. PAGE 2 OF PUBLISHER'S SEMIANNUAL REPORT TO THE AUDIT BUREAU OF CIRCULATIONS

If the preliminary investigation shows that the publisher's books are not in a condition to be audited, the publisher is

CHATTANOOGA, TENN.
THE CHATTANOOGA NEWS

ANALYSIS OF CARRIER & MAIL SUBSCRIPTION SALES (New & Renewal)
For period stated in Paragraph 6

15. PREMIUM, COMBINATION & SPECIAL OFFERS:

(See Par. 28 for explanations of offers)	Term Ordered 1 Mo.	3 Mos.	6 Mos.	1 Yr.	Misc. Periods
(a) With premium & special offers					
(b) With premium & combination with outside publications					
(c) With premium only					
(d) In combination with outside publications only					
(e) Special reduced prices (See Par. 13(e))				322	
(f) Inducements not listed above or below					
Total	None	None	None	322	None

16. CLUBS:

(See Par. 28 for explanations of offers)	Term Ordered 1 Mo.	3 Mos.	6 Mos.	1 Yr.	Misc. Periods
Subscriptions obtained by solicitors not part of publisher's organization under plan of offering specified reward for specified number of subscriptions	None	None	None	None	None

17. CONTESTS INVOLVING SUBSCRIPTION CONTRACT:

(See Par 28 for explanations of contests)	Term Ordered 1 Mo.	3 Mos.	6 Mos.	1 Yr.	Misc. Periods
Type 1: Subscriptions produced *(Note: Winner in this type is determined by NUMBER of points for subscriptions produced)*					
Type 2: Subscriptions produced					
(a) Single subscriptions (see note)					
(b) Additional subscriptions (see note) *(Note: Determination of winner in this type does not depend on number of subscriptions secured, but SIZE of PRIZE does so depend. Opposite (a) is given number of subscriptions produced by contestants who sent in only one subscription; opposite (b) is given number produced by those endeavoring to qualify for prize of increased value)*					
Type 3: Subscriptions produced by any contest having circulation tie-up not covered by Types 1 & 2					
Total	None	None	None	None	None

18. COUPON CONTESTS NOT INVOLVING SUBSCRIPTION CONTRACT:

(Note: As no subscription contract is required no figures can be given.) (See Paragraph 28 for explanations of contests)

Were contests used in which greatest number of coupons clipped from paper was the factor in determining the winner (popularity contest)? ..... No

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FIG. 30C. PAGE 3 OF PUBLISHER'S SEMIANNUAL REPORT TO THE AUDIT BUREAU OF CIRCULATIONS

advised to install and maintain such records as the Bureau deems necessary. Not until the initial audit report has been released is the applicant permitted to use the phrase, "Member

CHATTANOOGA, TENN.
THE CHATTANOOGA NEWS

19. INSURANCE *(See Paragraph 28 for explanations of offers)*

Type 1: (a) Number of new subscriptions on which publisher has given free insurance policies ..... None

(b) Number of renewal subscriptions on which publisher has given free insurance policies ..... None

Type 2: (a) Number of new subscriptions in connection with which insurance policies have been purchased by subscriber ..... None

(b) Number of renewal subscriptions in connection with which insurance policies have been purchased by subscriber ..... None

Type 3: Number of insurance policies sold without requiring subscription contract *(number of policies issued, not number of subscriptions)* None

22. ARREARS as at March 31, 1937

	City Zone		Retail Trading Zone			All Other	
	Carriers	Dealers	Carriers	Dealers	Mail	Dealers	Mail
Arrears under 3 months	None	None	None	None	None	None	None
Arrears 3 to 6 months	None	None	None	None	None	None	None

28. EXPLANATORY:

Paragraph 9:
Evening Issue:
First Edition:
Is generally two pages less than the succeeding editions and is generally distributed through the retail trading zone and all other territory and to mail subscribers who cannot be reached with succeeding edition on day of publication.
Second Edition
For distribution through dealers in the retail trading zone and to mail subscribers not served with the first edition.
Third Edition:
For general distribution in the city zone and through dealers in the retail trading zone and all other territory and to mail subscribers not served with the first and second editions.
Fourth Edition:
For distribution in the city zone through street vendors and through newsdealers and agents in nearby retail trading zone and all other territory and to mail subscribers not served with previous editions.
Publisher's policy is that all editions carry all advertising scheduled for the day except when copy is received too late for insertion in the early edition it is inserted in the corresponding edition of the following day.

12. (a) Territory included in City Zone in Paragraph 8:
All that within the corporate limits of Chattanooga, Tenn., plus the territory beyond the corporate limits extending to and including Lookout Mountain, Tiftona, (section of Wauhatchie), Signal Mountain, Fairmount, Red Bank, Lupton City, Eastdale, East Ridge, King's Point, Jones Station, Glendale, Tenn., and Rossville, Fort Oglethorpe and Flintstone, Georgia.

12. (b) Description of area & eight largest towns in Retail Trading Zone in Par. 8:
All that area within lines drawn as follows (with the exception of that designated as "CITY") From Rockwood, Tenn., south on a straight line to Athens, Tenn., thence southeast on a straight line to Ocoee, Tenn., thence southwest on a straight line to Phelps, Ga., thence southwest on a straight line to Gore, Ga., thence southwest on a straight line to Lyerly, Ga., thence southwest on a straight line to Collinsville, Ala; thence northwest on a straight line to Dawson, Ala; thence north on a straight line to Scottsboro, Ala; thence northeast on a straight line to Cowan, Tenn; thence northeast on a straight line to Rockford, Tenn, passing through and including the towns of Monteagle, Cagle and Pikeville
Cleveland, Tenn. Soddy (Rathburn), Tenn Lafayette, Ga. Athens, Tenn.
Rockwood, Tenn. Fort Payne, Ala. Scottsboro, Ala Dalton, Ga.

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FIG. 30D. PAGE 4 OF PUBLISHER'S SEMIANNUAL REPORT TO THE AUDIT BUREAU OF CIRCULATIONS

of the Audit Bureau of Circulation" for any purpose.

When the publisher becomes a member, his books are subject to audit once a year. As a basis of this audit the publisher must

give a statement of circulation every six months upon regulation A. B. C. blanks and always in the same form. For the newspapers, these periods end March 31 and September 30. In the case of periodicals, however, these periods end December 31 and June 30.

These statements are then duplicated by the Bureau and sent to the advertiser and advertising agency members. The statements embody the authoritative facts supplied by the publisher and give such information as may be useful to the space buyer in determining the value of a particular publication as an advertising medium.

The publisher knows that his statement will be checked by the annual audit and therefore the tendency is for him to make his statements as accurate and dependable as is humanly possible.

How an A. B. C. Audit Is Made

The A. B. C. report seeks the answer to three fundamental questions: (1) How many copies of the paper were printed? (2) where were these copies distributed? and (3) how was this distribution obtained?

Because of the fact that a publisher member must answer these questions to remain a member of the Bureau, there has been considerable education among the publishers as to the accurate tabulation of circulation figures; they have sensed the value and advisability of accurate record keeping. Thus the Bureau has exercised an elevating influence by tending to enforce the standardization of records.

How Many Papers Are Printed?

The auditor makes a transcript of the publisher's records regarding his press run and distribution; he obtains the gross press run by days. Then a comparison between the gross press run and the net press run will show to what extent the paper waste and printing spoilage accord with conditions which long experience has taught the Bureau to be normal. Unusual departures from the customary figures naturally lead to careful scrutiny by the auditor.

In the following manner a check on the accuracy of printing figures is secured: paper is purchased by standard units of weight; from an inspection of freight receipts, bills for paper and cancelled checks, the amount of paper actually used by the publisher is obtained. The weight of the paper in a publication necessary for a given number of pages is determined. Then by a mathematical formula it is found how many copies could possibly have been printed from the amount of paper actually purchased. After allowance is made for waste and spoilage, always considering the established average for these factors, it is possible to calculate the number of copies available for distribution to the public. The answer to the question, "How many copies are printed?" is thus obtained.

Where Are Papers Distributed?

The next problem is to learn where these copies are distributed.

The thoroughness with which the Audit Bureau studies distribution is easily appreciated in an examination of the A. B. C. audit report which is reproduced in part on the following pages.

AUDIT BUREAU OF
CIRCULATIONS
CHICAGO

AVERAGE NET PAID

4th	Quarter	1935	35484
1st	"	1936	37336
2nd	"	1936	39266
3rd	"	1936	38330

AUDIT REPORT

1. The Chattanooga News
2. Chattanooga
3. Tennessee 4. Year Estab. 1888
5. Published Evening except Sunday
6. Report for twelve months ending Sept. 30, 1936.

8. Daily average net paid circulation by zones and distribution methods.	Average Net Paid Circulation			
			Evening	
CITY ZONE				
Carrier delivery by independent carriers filing lists with publisher			22741	
Dealers and carriers not filing lists with publisher			603	
Street vendors			1462	
Publisher's counter sales			10	
Mail Subscriptions				
Total City Zone (Population * 131,000)			24816	
RETAIL TRADING ZONE				
Dealers and carriers not filing lists with publisher			9075	
Mail Subscriptions			888	
Total Retail Trading Zone (Population * 276,000)			9963	
Total City & Retail Trading (Population * 407,000)			34779	
ALL OTHER				
Dealers and carriers			2662	
Mail Subscriptions			163	
Total "All Other"			2825	
Total Net Paid			37604	
For bulk, see Paragraph (10)				

* 1930 Census.

9. NET PRESS RUN BY EDITIONS AND TIME OF ISSUE.
(These figures include spoiled in distribution, free copies, unsold and allowances)

Evening, September 24, 1936.

1st	11:29 A.M.	3650
2nd	1:21 P.M.	11700
3rd	2:33 P.M.	23700
4th	4:39 P.M.	1900

For explanation regarding distribution, see Paragraph 28.

10. DAILY AVERAGE BULK SALES IN ALL ZONES:
Evening 19.
Represents a total of 5812 copies, consisting of 1884 copies sold to a

railway company at 1¾¢ per copy for free use in dining cars, and 3928 copies sold to local cafes at 1¾¢ per copy for the free use of their patrons, distribution being made by the purchasers.

11. Daily average unpaid distribution for period covered by paragraph 6:

			Evening	
Arrears Over Six Months				
Short Term Subscriptions in Arrears				
Credit Subscriptions in Arrears				
Total Arrears, etc.				
Advertisers			75	
Employees				
Correspondents			57	
City Employees			6	
Railroad and Post Office Employees			6	
Total Service Copies			144	
Advertising Agencies			15	
Exchanges and Complimentary			14	
Sample copies			1463	
Total Last Three Items			1492	
Total Arrears, etc., Service Copies, etc.			1636	

12. (a) TERRITORY INCLUDED IN CITY ZONE IN PARAGRAPH 8, is all that within the corporate limits of Chattanooga, Tenn., plus the territory beyond the corporate limits extending to and including Lookout Mountain, Tiftona (section of Wauhatchie), Signal Mountain, Fairmount, Red Bank, Lupton City, Eastdale, East Ridge, King's Point, Jones Station, Glendale, Tenn., and Rossville, Fort Oglethorpe and Flintstone, Georgia.

12. (b) AREA INCLUDED IN RETAIL TRADING ZONE IN PARAGRAPH 8, extends as follows: from Rockwood, Tenn., south on a straight line to Athens, Tenn., thence southeast on a straight line to Ocoee, Tenn., thence southwest on a straight line to Phelps, Ga., thence southwest on a straight line to Gore, Ga., thence southwest on a straight line to Lyerly, Ga., thence southwest on a straight line to Collinsville, Ala., thence northwest on a straight line to Dawson, Ala., thence north on a straight line to Scottsboro, Ala., thence northeast on a straight line to Cowan, Tenn., thence northeast on a straight line to Rockwood, Tenn., passing through and including the towns of Monteagle, Cagle and Pikeville.

EIGHT LARGEST TOWNS IN RETAIL TRADING ZONE ARE:

Rockwood, Tenn. Cleveland, Tenn. Dalton, Ga. Ft. Payne, Ala.
Athens, Tenn. Soddy (Rathburn), Tenn. La Fayette, Ga. Scottsboro, Ala.

13. PRICES:

	By Mail				By Carrier				Single
(a) Basic prices:	1 Yr.	6 Mos.	3 Mos.	1 Mo.	1 Yr.	6 Mos.	3 Mos.	1 Mo.	1 Wk.	Copy
Evening only	4.00	2.00	1.25	.50	7.50	3.90	1.95	.65	.15	3¢

(b) DIFFERENTIAL PRICES:

By mail outside the states of Tennessee, Alabama and Georgia, one year $7.50, six months $3.90, three months $1.95, one month 65¢.

Single copy price outside of the City of Chattanooga 5¢.

(The Chattanooga News, Chattanooga, Tenn., Page #2)

(c) SPECIAL REDUCED PRICES:

To mail subscribers in the states of Tennessee, Alabama and Georgia during the months of January, February, March, April and May 1936, one year $3.48.

14. WERE RETURNS ACCEPTED OR ALLOWANCES MADE FOR UNDELIVERED, LEFT OVER AND UNSOLD COPIES?

Publisher's declared policy as to returns was non-returnable to dealers in the city zone, retail trading zone and all other territory except a few dealers at distant points who were allowed a full return privilege.

The allowances for returns, undelivered, left over and unsold copies for the period covered by this report were found to have been: to carriers in the city zone 0.02%, dealers in the city zone 0.99%, dealers in the retail trading zone 0.07%, dealers in all other territory 1.00%.

These percentages are based on the gross draw and have been properly deducted therefrom, leaving net paid circulation as shown in Paragraph 8.

ANALYSIS OF CARRIER AND MAIL SUBSCRIPTION SALES

For Period Stated in Paragraph 6.

PARAGRAPHS 15, 16 AND 17 COVER NEW AND RENEWAL SUBSCRIPTIONS, CONNECTED WITH INDUCEMENTS, RECEIVED DURING THIS PERIOD.

15. PREMIUM, COMBINATION AND SPECIAL OFFERS

	Term Ordered				Misc.
	1 Mo.	3 Mos.	6 Mos.	1 Yr.	Periods
(a) With Premium and Special Offers	None of record				
(b) With Premium and Combination with outside publications	None of record				
(c) With Premium only	None of record				

(d) In Combination with outside publications only	None of record	
(e) Special Reduced Prices (as noted in Par. 13 (c))		461
(f) Inducements not listed above or below	None of record	
Total		461

16. CLUBS:
None of record.

17. CONTESTS INVOLVING SUBSCRIPTION CONTRACT:
None of record.

18. COUPON CONTESTS NOT INVOLVING SUBSCRIPTION CONTRACT:
None of record.

19. INSURANCE:
None of record.

(The Chattanooga News, Chattanooga, Tenn., Page #3)

23. Arrears as at September 30, 1936.

Evening	City Zone		Retail Trading Zone			All Other	
	Carriers	Dealers	Carriers	Dealers	Mail	Dealers	Mail
Arrears under 3 months	None ...%	None ...%	...%	5.89%	None ...%	15.25%	None ...%
Arrears 3 to 6 months..	None ...%	None ...%	...%	None ...%	None ...%	0.34%	None ...%

25. DISTRIBUTION IN TOWNS RECEIVING 25 OR MORE COPIES DAILY IN DETAIL BY COUNTIES AS WELL AS THE TOTAL ONLY FOR TOWNS RECEIVING LESS THAN 25 COPIES DAILY. These figures (except mail) represent the gross draw for the day named below and include some copies which may later be deducted as returns or allowances. (See Par. 14.)

The figures in carriers and dealers and motor route columns are gross. Figures in motor route column represent copies dropped along the road to individual subscribers. The town opposite which the motor route figure is given is the town from which the motor route starts or at which it ends. It does not mean that the copies shown are all delivered in that town.
The figures in mail column are net.
Evening, September 25, 1936.

State County Town	Carriers & Dealers	Motor Routes	Mail	Total
CHATTANOOGA A.B.C. CITY as used in Paragraph 8 includes the following:				
TENNESSEE				
Hamilton County				
Chattanooga				
East Dale				
East Ridge				
Fairmount				
Glendale				
Jones Station				
King's Point				
Lookout Mountain				
Lupton City				
Red Bank				
Signal Mountain				
Tiftona (Section of Wauhatchie)				
GEORGIA				
Catoosa County				
Fort Oglethorpe				
Walker County				
Flintstone				
Rossville				
Total Chattanooga A.B.C. City	24880			24880

The above figures give the total distribution in the city zone according to the description of A.B.C. City in Paragraph 12 (a). These same figures are not included in the Hamilton County, Tennessee, Catoosa County and Walker County, Georgia figures subsequently shown.

(The Chattanooga News, Chattanooga, Tenn., Page ♯4)

28. EXPLANATORY:

Re Paragraph 9:

First Edition—Is generally two pages less than the succeeding editions and is for general distribution through dealers in the retail trading zone and all other territory and to mail subscribers who cannot be reached with succeeding editions on the day of publication.

Second Edition—For distribution through dealers in the retail trading zone and to mail subscribers not served with the first edition.

Third Edition—For general distrbiution in the city zone and through dealers in the retail trading zone and all other territory and to mail subscribers not served with first or second editions.

Fourth Edition—For distribution through news dealers and street vendors in the city zone and through newsdealers and agents in nearby retail

trading zone and all other territory and to mail subscribers not served with preceding editions.

Publisher's policy is that all editions carry all advertising scheduled for the day except when copy is received too late for insertion in the early editions it is inserted in the corresponding editions of the following day.

Records show for the period covered by this report the wholesale rates were as follows:

Carriers in the city zone paid from $1.00 to $1.50 per hundred copies. Eighteen carriers were paid allowances of from 50¢ to $18.00 per week for the transportation of papers and serving subscribers on scattered or difficult routes.

Dealers and carriers in the city zone paid $1.75 per hundred copies.

Street vendors in the city zone paid $1.75 per hundred copies.

Dealers and carriers in the retail trading zone paid $1.00 to $1.25 per hundred copies. Twenty-eight dealers and carriers were paid allowances of from 30¢ to $7.00 per week and eight were paid allowances of from $2.00 to $170.00 per month for the transportation of papers and serving subscribers on scattered or difficult routes.

(The Chattanooga News, Chattanooga, Tenn., Page #10)

Dealers and carriers in all other territory paid from $1.00 to $2.00 per hundred copies, except one who paid 83⅓¢ per hundred copies. Five dealers and carriers were paid allowances of from 48¢ to $2.06 per week for the transportation of papers and serving subscribers on scattered or difficult routes.

See Paragraph 14 for Publisher's return policy.

The average net paid circulation as reported by publisher in statements to the Bureau has been substantiated by this audit.

Every division of the total distribution is accounted for, whether paid or unpaid circulation, distribution by mail, by carrier, or street vendors; distribution to city, retail trading zone, and "All Other" territory. Bulk distribution, as well as complimentary distribution, is also noted.

How Are Papers Distributed?

The closeness with which the circulation figures are checked may be seen in the way the carrier distribution is verified. "Carrier delivery office collect system" and "Carrier delivery by independent carriers filing lists with publisher" make up this group; for the former the accounts with the subscriber are kept in the publisher's office. For the latter classification route

lists of subscribers are on file in the publication office. These lists are checked with the number of papers issued to the carriers. An excess of copies beyond the carrier's regular needs is not allowed, a ruling that proves effective in checking circulation.

Are Papers "Eaten" at the Expense of the Advertiser?

Of the two carrier divisions, one comprises those delivering papers to subscribers from whom the publisher makes his own collections under the "office collect" plan; the other consists of those, who, although the publisher possesses the subscription list, make their own collections. The carriers in this latter group are called "little merchants."

The "little merchants" buy the papers from the publisher directly but they are not allowed to overbuy. Such a ruling is necessary to prevent the practice of "eating papers." "Eating papers," according to the parlance of the trade, is the practice, on the part of newsboys or carriers, of carrying or being forced to carry more papers than they can sell under normal circumstances.

"Eating papers" is one of the serious problems encountered by the Bureau. When a paper is on a nonreturnable basis, an overambitious employe of a publisher may force an independent carrier or dealer to take more papers than he can sell. This forcing process may take the form of sheer compulsion—insistence that the boy or dealer take and pay for more papers than can be sold, or it may be covered by allowances, bonuses, extra salaries, or a number of other devices to take care of this "eating" of unsold papers.

When returns are allowed, the publisher may require only the return of the newspaper caption on the top of page one. If this is the regular procedure, a news dealer, for example, can overorder papers without loss in the transaction because he can obtain an allowance for all name captions returned, leaving in his possession the residue of the papers. It does not take a long period for such a dealer to amass a large collection of paper stock, for which he does not have to pay, but which he can sell for old paper to the junk man.

For just such a reason as this, the publisher needs to check very carefully the sales of his papers to news dealers and newsboys who buy for resale. Of course, the publisher can place such restrictions on returns that it would not be profitable for dealers to overorder.

Over the independent carriers the publisher has little direct supervision. However, if the publisher finds that newsboys or dealers are abusing their privileges, he may refuse to sell the papers. A method adopted by many publishers to overcome this evil is to allow only a certain percentage of returns, a plan which is usually beneficial to both the publisher and the news dealers in that it teaches the news dealers to order more closely.

Mail Circulation.

In checking the mail subscribers the auditor has every facility. Printed galleys are retained by the publisher, containing names and addresses of mail subscribers, together with expiration dates. A representative number of names from these galleys can be checked with the original orders, which, of course, should be in the files of the office. A further check is obtained when the A. B. C. writes to a representative list of mail subscribers, requesting the person addressed to respond stating whether he or she is a subscriber to the particular newspaper. Comparison with post-office receipts for claimed poundage mailed is also made.

Checking of Reports

When a traveling auditor turns in a report, his work is checked by the house auditors of the Bureau to see that all the rules have been observed. The house auditors see that the report is in standard phrasing, so that all the reports may be consistent for comparative purposes.

After this inspection the reports are submitted to publishers. Before the report is released, a publisher has ten days in which to suggest corrections or make complaint if he feels that the Bureau has not properly presented his case.

Why the A. B. C. Has Achieved Success

The success of the Audit Bureau may be attributed to the following factors:

1. That it is a coöperative organization.
2. That it was the first agency of its kind accurately to define just what determines circulation.
3. That it standardized methods of audits and provided better methods of circulation accounting.
4. That it was foresighted enough not only to provide ample funds to carry on its work, but also to provide for experimentation.
5. That its continued service tends to raise standards in the publishing and advertising fields.

Weekly Newspaper Audits

Efforts have been made with some success to obtain audited circulation reports on the weekly newspapers of the country. These weekly papers may be audited by private accounting firms coöperating with the several state press associations. Fairly uniform rules have been established through the coöperation of the Newspaper Association Managers, Inc., the National Editorial Association, and the American Association of Advertising Agencies.

The cost of a weekly newspaper audit varies from approximately $18.00 to a maximum of $35.00. In addition the publisher may be required to furnish 300 or more copies of the audited report, on the back of which the publisher may print such facts regarding his territory and his paper's coverage as he wishes.

It should be pointed out that the Newspaper Association Managers, Inc. is composed of the field managers of the various state press associations, whose membership is made up primarily of weekly newspapers in the non-metropolitan field.

CHAPTER VI

LOCAL ADVERTISING

Value of Newspaper Advertising

Of all the forms of advertising the most influential, especially for an aggressive selling campaign, is newspaper advertising. Merchants have come to recognize the position which newspaper advertising occupies, and are open minded as to the purchase of space in local newspapers.

The publisher who does not capitalize this attitude is falling far short of his real task and opportunity, for retail advertising alone makes up approximately 75 per cent of the total advertising of the country, according to figures compiled by Daniel Starch formerly of Harvard University. Newspaper advertising is consumer advertising, of which the chief object is to influence retail buying.

From the individual newspaper's point of view, all its advertising is local; it is valuable because of its local appeal, whether it is national advertising or the advertising of local merchants. Classified advertising is largely local.

The purpose of advertising is to sell or help to sell either merchandise or ideas or both. Too many newspaper publishers have not fully realized the full purpose of advertising and, unless the advertising managers of these newspapers have been unusually enterprising, the volume of business has not approached the maximum. The newspaper publisher, whether he regards himself so or not, is in reality a part of the great merchandising scheme of the nation. If he does not realize his function as a factor in the distribution of goods, he is, of necessity, falling short of his opportunity; and his newspaper is failing to develop the dividend possibilities more alert publications enjoy.

The newspaper has certain natural advantages over other

forms of advertising media. If a newspaper is acceptable to the public, it has an entrée that other media lack. It is less permanent in character than the magazine, but it comes more frequently and its advertising rates are less expensive.

Advertising's Place in Commerce

As a factor in distribution, advertising has made a permanent place for itself, in spite of tremendous economic wastes in advertising and unwise advertising procedure. Advertising has justified itself from a social point of view by its lowering of distribution costs of many products; its raising of the standard of living through its indirect educational effect. There is evidence to prove that prices may be actually lower, profits greater, and selling costs less because of the use of advertising.

Among business men, especially merchants in the smaller cities, there are many who still hold to the argument that advertised goods cost more, and in some cases the argument may be sound; but certainly it is not sound for most products. The public has a greatly exaggerated notion of advertising costs, which, in fact, are insignificant when compared with the cost of the commodities.

Naturally, some products may be sold more successfully through personal salesmanship, although even in such cases, advertising usually helps in the creation of a demand.

The publisher needs to know what the objections are to advertising and how to combat such arguments. That is part of his promotion campaign. Some of the causes of loss in advertising are: lack of proper coördination between advertising and the other phases of the business; the use of ineffective appeals; poor presentation; poor judgment in determining use of advertising for products on which profits are uncertain; the failure in some cases to make advertising dependable or truthful; and failure to secure distribution before advertising begins to create demand.

Answers to the various criticisms of advertising are printed in numerous textbooks on advertising. Evidence of the effectiveness of advertising is being published in various business peri-

odicals, such as the *Editor and Publisher, Advertising Age,* and *Printers' Ink.*

Advantages in Newspaper Advertising

The appeal of the newspaper is universal; its news is eagerly sought, especially in times of local, national, or international crises. The newspaper of yesterday is stale; but the fact that it comes fresh from the press every day gives it advantages over the magazine. There is a chance for more flexibility in planning and carrying out an advertising schedule. Advertising may be carried every day or only on selected days. Within a short period of time space changes can easily be made.

If the publisher is alive to his opportunities, he can utilize this quality of flexibility, for he can make a drive for advertising of a distinct character on specific days. Washing machines may be effectively advertised on Monday; fish on Friday; special food products for Sunday dinner in the Saturday issue. The more small campaigns, or points of contact with his clientele, the greater is likely to be the advertising volume for the year.

The newspaper advertisement can be more timely than almost any other form of advertising, except the dodger, which, of course, does not have the acceptance enjoyed by the newspaper. Combined with timeliness is frequency of issue. Through the newspaper advertisement, the merchant or the manufacturer, selling through the local merchant, is able to force his goods anew upon the attention of the local constituency every day in the week. A further advantage is the localized and concentrated circulation, permitting a hold upon public attention within a confined trading area.

Quick insertions are possible, as well as quick cancellations—both of which may become necessary because of changing market conditions, purchase of special lots of merchandise at an attractive figure, or desire to re-align the local campaign.

News is the meat and bread of the newspaper's appeal to the public and this quality can be carried over into the advertising columns.

In the paragraphs discussing local advertising copy this phase of the management of the local advertising department

of the newspaper, especially in its service relation to the merchant, is treated more fully.

Disadvantages in Newspaper Advertising

If a lawyer is retained to defend the life of a man being tried on the charge of murder, he does well to proceed on the theory that his client is guilty. By working out every possible means of convicting the defendant, the lawyer is likely to see every possible move of the prosecution. Then, in his defense, he has a chance to block almost any effort of his opponents.

In the selfsame fashion the newspaper publisher should study the disadvantages of advertising so that he can, in coöperation with the many other believers in printed salesmanship, work to remove these disadvantages and insure more effective use of the space that he is selling.

The newspaper has a short life. It may be read only ten or twenty minutes by the average reader. Besides informing the reader on the news of the day and furnishing him entertainment in the form of cartoons, light fiction, verse, or humor, the newspaper must convey to him the advertising messages in its pages. The time for exposure of the reader's mind to any particular advertisement is brief, indeed. To overcome this handicap the attention value of the advertisement should be relatively high. Herein lies a difficulty. The half-tones must be of a certain screen to be effective on a low-grade stock. These disadvantages diminish effectiveness in the matter of getting attention. Color work for newsprint though expensive is practical, for it adds to appeal.

Magazines, on the other hand, use high-grade paper, giving the best results in printing artistic and attention-stimulating advertisements. In the field of national advertising, the magazine is formidable competition.

Why the Merchant Considers the Newspaper

If the local merchant is convinced of the advantage of advertising,[1] he has several media open for his consideration; but

[1] To appreciate the progressive merchant's point of view reference may well be made to *Advertising for the Retailer* by L. D. Herrold (D. Appleton & Co., 1923).

the newspaper, in a smaller city, is more prominent than any other form of advertising outside of the merchant's establishment itself, and the radio. The newspaper, as has already been noted, goes into the homes; its appeal is immediate; its copy, not only in the news columns but also in those devoted to retail advertising, should be newsy.

To-day the retail merchant is fully aware, if he is in the dry goods or department store business, of the tremendous value of newspaper display advertising. The news of a sale of dress goods may be told more thoroughly in a display advertisement than in any other way. The copy is given to the newspaper the day or night before, and the printed advertisement appears the following day—with little trouble to the local merchant, especially if the style of display has been decided upon. In the case of larger stores, the advertising manager of the store may attend to details, asking little of the newspaper's advertising department.

The merchant of to-day realizes that department store and specialty shop growth has been made possible largely through the effectiveness of retail advertising. The experience of the large stores, which continue year after year their advertising appropriations, is sufficient evidence of the dependence of such stores upon newspapers.

Late in 1923, the newspapers of New York suffered a strike of some of the mechanical workers. The depressing effect upon business was immediate. Hundreds of thousands of women could not study their own buying needs without the practical aid of newspaper advertising.

In managing his advertising department, or in supervising the advertising workers, the publisher needs to know the attitude of the merchant. If the merchant is opposed to newspaper advertising, the business of the publisher is to learn why and, if possible, to remedy the situation.

It is well for the newspaper publisher to know what the merchant is thinking about his advertising problems. In every town there are live and up-to-date merchants who belong to such associations as the National Dry Goods Association, and to the National Association of Retail Clothiers. Merchants who are

members of such associations, or who, through the local chamber of commerce, take special courses, perhaps from the extension division of their state university, know the good points of newspapers as well as their disadvantages.

If the publisher wants a share of the advertising appropriation of the local merchant, he needs to know upon what basis the merchant awards his advertising contracts. The well informed merchant judges the placement of his newspaper advertising on some or all of the following points:

1. The reputation and influence of the newspaper
2. The appearance of the newspaper
3. The policy as regards advertising
4. The circulation
5. Buying power of readers
6. Sex of readers

If the publisher analyzes his own newspaper, he will be better able to set forth to local merchants those attributes of his publication that justify the placement with him of advertising contracts. It is not possible for local merchants to advertise in all newspapers; in fact, duplication of circulation is costly and is one of the wastes of advertising, although there are times when duplication, if not too expensive, gives a certain desirable multiplicity of appeals.

Knowing how progressive merchants analyze their advertising problem, the publisher can set his house in order, so to speak. The publisher knows that if he has competition, he faces the possibility of any particular merchant's giving business to the rival newspaper.

If the field is divided between a morning and afternoon newspaper, there may, or there may not, be good reason for duplication. In deciding between morning and evening newspapers, the well-informed merchant realizes that:

1. The morning newspaper gives to-day's store news early enough for the shopper to be advised on the sales, so that she may buy almost at once.
2. The morning newspaper goes into the business district early so that bargains may be taken advantage of immediately.
3. The morning newspaper in the largest cities, reaches the

men as they go to work. Financial offerings are given on the financial pages when investors are eagerly following the summaries of the previous day's closing, as well as the outlook for the market's opening.

On the other hand the merchant knows that advocates of the evening newspaper claim the following advantages:

1. The evening newspaper goes into the home when the duties of the day are largely over, and it therefore receives more attention than the morning newspaper.
2. The evening newspaper is read by practically every member of the family at a time when the mind is relaxed after the work of the day. The mind is more receptive, although less alert than in the morning.
3. The evening newspaper comes with to-day's news of the world but with to-morrow's advertising news. Plans can be made for the morrow's shopping trip.

As a matter of fact, the newspaper that can be rated high as regards its influence and circulation, need not suffer because of being either a morning or an evening newspaper. The paper's influence and its circulation are the result of editorial direction and capable business management. If a paper is not securing its maximum volume of business, a searching analysis of causes is needed in directions other than that of its hour of issue.

Circulation

The most powerful means for getting business is proof of both quantity and quality of circulation. This point has been fully discussed in the chapter dealing with the Audit Bureau of Circulations. In selling local advertising, it is well to remember that "just saying so" will not prove circulation to hard-headed merchants. They must be "shown." In the smaller cities the local merchants are not usually members of the A. B. C. For this reason, it is usually wise to have figures on circulation attractively printed on sheets suitable for filing. On these sheets, the following information may be given:

1. Net paid circulation
2. Total circulation

3. Circulation within city
4. Circulation in trading area outside city, as well as by districts
5. Percentage of home delivered circulation, as compared with newsstand and street sale circulation.

Buying Power

Many local merchants do not realize the tremendous buying power represented in the circulation of a daily newspaper. If the publisher will but compute this on some fair basis, he will have valuable substantiation of his claims for the business getting ability of his advertising columns. Some papers represent a higher buying power than others because of mass circulation or, on the other hand, because of highly concentrated circulation among a wealthy class. Such distinctions may be more clearly drawn in cities like Boston, New York, and Chicago.

There are many ways of determining the class of subscribers of a newspaper. The merchant knows that in New York, for example, the advertising of the most exclusive stores is not carried in newspapers of a distinct mass circulation. If a newspaper has circulation in certain wealthy districts, that fact is of value is proving the "quality" of the particular paper's clientele.

The purchasing power of a community depends upon two factors: first, the desire of the residents of that community for merchandise; and second, the ability of that community to pay. Inasmuch as the newspaper is an educative force, the burden of creating desire for modern improved products, or staple products, rests in part upon the newspaper itself. The problem is to sell the merchant this idea of educating the residents of a community.

The second significant factor is buying or purchasing power, which depends upon the business and industrial interests of the community. If the community is Dobbs Ferry or Evanston, the potential purchasing power is high, for such communities enjoy a large distribution of wealth per capita. If the community is Salina, Kansas, Danville, Illinois, or Yakima, Washington, where the agricultural phase of business life is highly developed, the newspaper publisher needs to know ap-

proximately the wealth and purchasing power of the community, so that he can tell the rest of the United States about the buying power that lies within the confines of his trading basin.

The publisher of a newspaper in the smaller city may proceed upon the assumption that the space buyer, in either a New York or Chicago advertising agency, does not appreciate the existence of the purchasing power of his particular community. The distant space buyer needs to be told, by word, chart, and picture. Naturally, if the newspaper is a small one, the publisher cannot use promotion literature of expensive character; however, he can combine his selling and educational efforts with those of neighboring publishers, thus, through the method of coöperation, securing many benefits which he could not obtain single-handed.

Sex of Readers

"Women spend the money of the world," a woman writer has said, although she makes the reservation that men do spend money for their little vices. How true this saying may be, can perhaps only be determined by thoroughgoing research, which may or may not be of measurable value.

The fact is well established, however, that women do spend or influence the spending of large amounts every year, and another writer has estimated that the proportion of all expenditures directed by the influence of women reaches 90 per cent. However uncertain general statements or estimates may be, it is true that, judged on the basis of observation as well as selected research, women are responsible for most of the expenditures made in the interest of the American family. This fact the publisher needs to recognize.

The family, and especially the women of the family, should be the target of retail advertising, or at least a large percentage of such advertising. If a piano, phonograph, or automobile is to be purchased, the women of the family, wife or daughter or both, influence the purchase. They take, as a rule, standard magazines designed for circulation in the American home. They know about advertised goods and, through clubs and schools, they have been advised on the merits of household

economy. They manage the home, and in this capacity naturally decide for or against the purchase of particular articles.

If the publisher is to make effective his retail advertising columns, he needs to understand the appeal to women. Of course, this is no new discovery, because for years American newspapers have, in a greater or less degree, appealed to the women. But the young publisher has three questions to consider: (1) shall he try to appeal mainly to men, or women, or both? (2) how shall he educate his organization, and (3) how may he strengthen the appeal decided upon?

Most newspapers appeal in some degree, at least, to both men and women, but there are newspapers which are more pronounced in making particular appeals. It is said that the New York *Times* appeals to men, the Chicago *Tribune* to women. Both of these statements are largely correct, but they do not substantiate the opinion that either the *Times* or the *Tribune* is at all one-sided in appeal. The *Times,* because of its thorough and widespread news gathering service, its excellence of financial news, and its saneness and refinement, does appeal to a better class of men. The *Tribune,* with its special features, for which it is noted, possesses a distinct appeal to women. However, men read the *Tribune.*

The Chicago *Daily News,* for so many years considered one of the best newspaper properties in the United States, has a pronounced appeal to women. The *News* has a large circulation concentrated within the Chicago territory; for years it has been a leader in its six day a week appeal to the shoppers of the city. Its reputation as an advertising medium, as well as its reputation for absolute fidelity in giving genuine, helpful, and dignified newspaper service, both in news treatment and editorial opinion, has become thoroughly ingrained in the minds of Chicagoans, although at this time (1926) the Chicago *Evening American* is giving the *Daily News* a very hard run for advertising supremacy in the afternoon field.

To illustrate the appeal of the *Daily News* to many of the women readers of Chicago, the following may be taken as typical of the evening conversation in many homes. The basis for the truth of this illustration is actual observation.

The husband came home from his office in the evening. Shortly after he had hung up his overcoat, his wife called from the library:

"George, did you bring a *Daily News?*"

"I'm awfully sorry, Mary, but I forgot to buy one. You know I read the *Evening American.*"

"Well, I'm going shopping to-morrow and I do want the *News.* It always gives me so many ads. I like it especially on the day before I plan a shopping trip to the Loop."

"If that's the way you feel, Mary, I'll go out and buy you a *News* right away."

The *News,* through its advertising, does have a special appeal to women. Its advertising of department stores and specialty shops seems to beget more advertising of this character.

A newspaper like the Chicago *Journal of Commerce* has a distinct appeal to men. It prints no scandal; its news is abbreviated; its financial pages reach the highest point of efficiency; it covers theaters and sports. What more does a man want in a newspaper?

In reading the Chicago *Journal of Commerce,* a man does not have to wade through page after page of advertising in order to get to the gist of the news. He does not have to handle a pound of newsprint in order to obtain a millogram of news. If he is interested in real estate, he knows where to find this information quickly; if he is interested in stocks, he has the markets of the world before him instantly. It is little wonder that the Chicago *Journal of Commerce* has a sound circulation. It appeals to the men of Chicago and represents a high type of journalism.

This tribute to the *Journal of Commerce* is, the writer believes, fair and unbiased. While this newspaper, the youngest Chicago newspaper except the tabloid, the *Times,* has distinct advantages, it also has serious drawbacks. It does not have a large volume of department store advertising, as do the other newspapers. Its largest appeal is not to the women of the household, even though many women may find its pages interesting and instructive. It does not have the wide human interest art or entertainment appeal enjoyed by the *Tribune*

and the *Herald-Examiner,* its contemporaries in the morning field.

But it must be remembered that such a newspaper as the *Journal of Commerce* is not without its women readers. Women are in the business world and go down to their offices in the morning the same as men. Women are investors, as well as students of economics and of various fields of business. They are interested in finance and trade; but their numbers are comparatively small as compared with the hosts of housewives who are interested in the latest scandal of motion picture actors, chorus girls, or ministers who have gone astray. Scandal does interest women particularly, and, as far as the writer can foresee, always will.

This summary of characteristics, made after a long study of Chicago newspapers, must be modified, if applied to the smaller city. Chicago, like London or New York, has its several distinct populations or classes of population.

The publisher of the newspaper in the smaller city can best have for its aim the publication of a newspaper for the home, father, mother, and the children. Some of its pages should appeal to the man, and many of its pages should appeal to the woman. Both the man and the woman are subject to certain appeals, as, for instance, the entertainment appeal, such as one finds in Walt and Gasoline Alley, the bewitching and wholesome cartoon by Frank King.

The essential thing for the newspaper publisher to determine is how he can intensify as much as possible the appeal of his paper to its men and women patrons.

In common with the merchant and the theatrical producer the newspaper publisher shares the problem of determining "what will go."

Newspaper Influence

Without the newspaper and modern transportation, civilization would be set back several generations. Without the effective news-distributing agencies, coupled with our American newspapers, this country would be a playground for cabal, intrigue, and hearsay. Rumor would be rife. Exaggeration

would have full play. The interests of the nation would be in jeopardy and the opportunities for political bosses, gangsters, and ignorant leaders would be multiplied many times.

Newspapers are the greatest educational force in our everyday life. Without the newspapers and the magazines as means of communication, the world would be intellectually impoverished, except that the radio might become a substitute. The radio does distribute information, but it does not give the opportunity for serious reflection afforded through the leadership of a modern, high-minded newspaper.

The publisher should analyze the influence of his newspaper, and strive to hold and to strengthen the influence already established. He should know how his newspaper is regarded by the advertisers.

If a newspaper is distinctly one of street circulation, it is not a good advertising medium—at least it is not if the reader looks at his paper for flash news, and after a casual reading, throws it on the floor of the elevated or subway. Such practice may be common in New York, Boston, Chicago, or Philadelphia. However, it may be contended that the newspaper sold largely through street sales is taken into the home. This point must be determined by an actual survey of the situation in each individual case.

The newspaper that reaches the home is the newspaper that can safely claim influence.

The publisher can go further in the analysis of his product. He can ask himself if his newspaper circulates merely because it prints one or two features. If a single feature makes a newspaper circulation, then that newspaper is not a good general advertising medium. All departments of a newspaper should be strong if the publication is to claim merit as a general medium.

In soliciting advertising business, readers holding political views contrary to those of the newspaper should not be neglected. To them it should be pointed out that if they believe the newspaper sincere and if they believe it has a profitable circulation, advertising should not be withheld on the grounds of political heresy. For the merchant to refuse business to a newspaper of opposite political faith is a decidedly short-

sighted policy. Situations exist in which some advertisers refuse to give any business to a newspaper having a circulation smaller than that of a competing publication, if the newspaper of smaller circulation is of the opposite political faith. The apparent reason is that the newspaper has less circulation, but the main reason may be political. If the publisher finds himself publishing a newspaper of smaller circulation than a rival newspaper in the same field, he needs to see that the price for his smaller circulation is fair.

Trends in advertising give some basis for the publisher to adjust his procedures accordingly. Certain trends may show that it would be more profitable to develop accounts in fields that are beginning to show an up-swing than to spend too much time in developing accounts that are showing marked decreases in many sections of the country.

No clear understanding of trends can be obtained, however, without proper standardization of advertising classifications. Concerning its widely-accepted plan Media Records, Inc., gives the following explanation:

> All display advertising naturally falls into one of four major classifications, "Retail," "General," "Automotive" and "Financial."
>
> Under the classification "Retail" is included the advertising of retail merchants. Under the classification "General" is included the advertising of products. The retail advertiser is the merchant whose customers are the consumers. The general advertiser is the manufacturer, who distributes to these merchants. Thus, a distinction is made between the merchant who sells many products in one store or one store organization and the manufacturer who sells one product through many stores.
>
> The automotive industry is not in this sense either general or retail. In distribution and sales it differs from each and so is reported under a separate classification "Automotive," no part of which falls under the classifications "General" or "Retail."
>
> Similarly, financial advertising, of a character distinct and apart from "Retail," "General," and "Automotive," is reported under a separate classification "Financial."

Only by this initial breakdown of all display advertising into four major classifications can confusion be avoided. In no instance does Media Records reflect the rate at which advertising is run by any Publisher, as Media Records bases its decisions only on the character of the advertising and what it advertises.

While Media Records, Inc. makes no comment on the results of its scientific study, the figures show that changing conditions, together with the effect of strong competitive agencies, such as radio, have placed the newspaper in a position where it is imperative to develop new business and to study its own effectiveness in the economic function of distribution.

To indicate the trends in newspaper advertising volume, a study of 87 major cities covering an eight year period from 1929 to 1936 inclusive was made by Media Records. The percentages for each major division and for part of the retail division are shown below for the selected years, 1929, 1932, 1935 and 1936 as follows:

	1929 %	1932 %	1935 %	1936 %
Display Total	100.0	100.0	100.0	100.0
Retail display	63.3	69.9	69.7	69.0
General display	22.2	21.0	21.2	22.2
Automotive display	9.5	6.4	6.9	6.5
Financial display	5.0	2.7	2.2	2.3
Retail	100.0	100.0	100.0	100.0
Amusements	7.2	7.2	6.9	6.9
Book stores	.1	—	—	—
Boots and shoes	2.4	2.1	2.0	2.0
Building supplies and construction	.9	.6	.7	.8
Clothing stores	14.8	12.0	12.0	12.7
Department stores	34.9	41.5	41.2	40.0
Drug stores	1.9	1.8	2.7	2.8
Educational	.4	.3	.3	.3
Electrical appliances and supplies	1.3	1.2	1.0	1.1
Furniture and household	11.4	8.7	8.4	8.9
Grocers	5.5	9.6	8.9	8.0
Heating and plumbing	.7	.9	1.0	1.0
Hotels and restaurants	.8	1.1	1.6	1.7
Insurance	.2	.1	.1	.1
Jewelers	2.5	1.7	2.2	2.6
Liquor stores	—	—	.3	.3
Miscellaneous	7.5	7.1	6.7	6.7
Musical instruments	2.2	.8	.7	.7
Professional	1.1	1.1	1.0	1.0

The trend of retail newspaper advertising, as shown by Media Records survey of 52 cities, is shown in lines as follows:

Month	1929	1933	1936
January	73,010,300	41,330,559	52,301,290
February	68,889,799	38,583,614	48,750,672
March	89,702,294	43,230,485	63,326,861
April	84,524,622	52,568,972	67,226,716
May	89,045,576	52,947,462	69,085,575
June	76,590,842	50,662,674	61,750,833
July	64,244,756	39,448,127	50,167,195
August	70,221,765	44,793,918	53,880,045
September	83,995,670	52,326,391	64,915,681
October	95,408,816	60,251,913	77,198,144
November	92,540,437	57,790,920	73,451,873
December	100,072,789	63,451,402	83,233,854
	988,247,666	597,386,437	765,288,739

Total lineage figures for these 52 cities follow:

Month	1929	1933	1936
January	144,336,762	77,956,895	94,810,048
February	138,826,991	72,538,858	91,334,489
March	171,684,086	76,363,808	116,443,051
April	166,907,396	91,053,494	121,886,991
May	175,569,314	94,648,666	127,182,374
June	157,459,711	93,167,974	117,029,299
July	135,034,320	78,319,115	98,498,804
August	139,591,873	86,338,635	99,166,026
September	161,592,109	92,617,963	114,387,276
October	182,489,647	105,970,192	136,635,194
November	166,972,356	99,823,309	131,985,869
December	157,748,453	96,715,692	130,762,036
	1,897,213,018	1,065,514,601	1,380,121,457

Necessity for Better Advertising

Intensity of retail competition, chain store enterprise, with its careful management and scientific advertising methods, and the gradual increase in expenses, have forced the local retail merchant toward a more complete realization that he must obtain and hold business.

The merchant is in business primarily to make a profit out of his merchandising transactions. Unless he gives his customers,

and offers to prospective customers, the kind of merchandising service they want, his business will not be successful. To achieve his purpose, the merchant must not only sell his goods, but he must also sell with the mere goods themselves, store service, which includes good location, attractive surroundings, courtesy, helpful salesmanship, adequate stocks, and good advertising.

It is in the last mentioned phase of store service that the newspaper publisher and advertising manager are interested. It is the business of the publisher to understand the merchant's problems, and not merely those that relate to advertising. If the merchant is not an advertiser, the publisher needs to convince him of the profits in advertising. But the publisher should know that advertising alone will not usually meet all the requirements. Without the right kind of a store behind it, there is the likelihood that advertising will be unprofitable, the merchant will become dissatisfied, and the merchant's account will be lost.

Akin to the merchant, the publisher is selling more than just advertising space; he is or should be, selling advertising service. Part of such advertising service is the educational campaign that is necessary before the advertising appears. The merchant needs to be brought to see that effective advertising, with the proper tie-ups, such as a survey of local conditions, direct mail and dealer aids, coöperation between merchant and manufacturer, and local newspaper advertising service, can be profitable. If the merchant is not an advertiser, it is the business of the publisher to develop him into one, and moreover to make the advertising pay dividends both for the merchant and himself. The important thing for the publisher to realize is that the sale of advertising space to the local merchant in itself does not suffice. The merchant needs to give store service to his customer and the newspaper publisher needs to give advertising service to the merchant.

Advertising Increases Business

The first purpose of retail advertising is to create business. This ultimate purpose is accomplished in five ways. In the

first place, local advertising sells the goods advertised, as well as other goods in the store, when the customer purchases, or goes to inspect, the goods advertised. In the second place, local advertising increases confidence on the part of the buying public and builds up good will for the merchant. Third, it extends the service of the store beyond the narrow confines of a neighborhood or present customers. Fourth, it aids holding customers, who find in the store merchandise at a price and of a quality suitable to their needs. Fifth, it serves as a constant challenge to the store management to maintain its standards of merchandise and service.

Naturally, these five purposes of retail advertising are not sought separately by the merchant; rather they are the aims stressed constantly throughout the year. Some stores aim at immediate sales, but merchandising experts assert that such a policy is a short-sighted one. For example, if the store can not only sell goods but also at the same time create a business friend in the customer, eventually the selling expense, or the expense of attracting customers with the immediate purpose of buying, can be subtantially reduced. A store profits not so much from the occasional customer, as from a large number of steady customers. These facts form the basis of the publisher's sales talk to the merchant.

If an advertisement merely draws a customer to the store, the full value of advertising is not realized. An advertisement might not be honest, yet so attractively presented that the reader would make a purchase, only to be disappointed. Such a customer is not likely to return.

Coupled with the purpose of attracting the customer to the store, there should be, in retail advertising, something of an effort to build good will. To sell advertising space to a local merchant who has been long established in his community and who enjoys a profitable trade is sometimes hard. It may not be easy to convince him of the value of advertising, especially if he is not already a user of advertising space.

The publisher needs to prove to the merchant, not that one advertisement will aid him, but that it will take a series, carefully planned and linked together in a comprehensive campaign,

in order to bring desired results. Here is where the publisher may show, in his educational efforts, the other purposes of retail advertising, such as the building of good will and the extension of the merchant's trading possibilities.

Some retail merchants believe that good-will advertising is the kind for them, but keen merchandising managers know that the best retail advertising is that which not only increases sales, but also builds good will. The merchant who does not advertise should be educated to the view that advertising is an investment. When the publisher once converts the non-advertising merchant, then the acceptance of the publisher's argument becomes a challenge to the publisher, a challenge to prove that advertising in his columns does bring profitable results and creates good will.

Even if the advertising of a certain class of merchandise increases the selling cost of that merchandise, it is nevertheless often an economy, because not only the advertised goods are sold but also many others on which the cost of advertising is distributed, thereby reducing the selling expense of the business.

Perhaps as significant as any other factor in the effect of advertising, is the widening of the trading area. Formerly, the store's activities were confined to the neighborhood or at best to the distance that the average driving horse could travel in four or five hours. To-day, with the automobile, the trading area of retail establishments has been considerably increased. In some cases this area has a radius of forty or fifty miles, depending upon such circumstances as the size of the city, the proximity of other cities, and the reputation of the particular store in question.

In the publisher's educational campaign, he needs to stress the importance of continuous advertising, as well as the need of tying-up the newspaper display with direct mail advertising to a "live" mailing list.

If the merchant thinks that he has advertised enough and that his store is already so well known that he need not continue advertising, he may be likened to the young man, who, having finished college, believed himself educated; later he discovered his error, for education is a continuous process of which a college education is only the beginning.

Advertising Makes Profits

The truth of the statement that advertising is profitable may be illustrated by a representative case. A store without the aid of advertising sold $60,000 worth of goods a year. These goods cost $43,200, the store expense was $11,500, and the net profit to the owner, $5,300. Without otherwise increasing store expense, the yearly sales increased to $75,000 through better merchandising and an advertising appropriation of $1,500. Approximately the same mark up was used; the cost of the goods, sold on the new basis of merchandising through better methods of management and through advertising, was $54,000. The other expenses of selling remained the same, so that the total selling cost, including advertising, was $13,000. The profits were $8,000.

Naturally, the publisher wants to cite to his prospective advertisers actual illustrations. He can obtain these from advertising publications and from data that he himself collects either in his own territory or from other publisher's experiences.

Promotion

In the local display advertising department, the problem of increasing business is dependent upon two factors: first, going after the business; and second, offering worth-while advertising service. The first of these is predicated on the spirit and methods of the publisher as well as on the organization of his local advertising solicitors.

On a small daily the advertising manager usually has charge of all advertising, with workers under him to care for the three subdepartments, national or foreign, local, and classified. As any one of these departments lags, he can search for the causes and apply the remedy.

If the newspaper has a circulation of 5,000 to 10,000, the advertising manager, together with the secretary and a clerk, can usually look after the necessary correspondence of his three subdepartments. A young woman can usually handle the classified advertising under the direction of the advertising manager. Under the local advertising subdepartment on such a newspaper, two solicitors are usually employed with profit,

ADVERTISING ORDER

Advertiser _____

Col. wide _____ Inches _____ Total _____

MONDAY TUESDAY WEDNESDAY
THURSDAY FRIDAY SATURDAY

First or second time ad _____

Last Run _____

Position _____

Remarks _____

Signed _____

Compositor's Advertising Order

Advertiser _____

Col. wide _____ Inches _____ Total _____

MONDAY TUESDAY WEDNESDAY
THURSDAY FRIDAY SATURDAY

Remarks _____

Signed _____

FIG. 31. AN ADVERTISING ORDER SIGNED BY THE SOLICITOR TAKING IT IS A VALUABLE OFFICE AID

although on a newspaper of 3,500 circulation, if conditions are normal, probably only one solicitor, in addition to the advertising manager, need be employed.

Newspapers with larger circulations need more workers, depending upon conditions, particularly the volume of business carried and the volume in prospect.

Of special importance in the work of promoting advertising is the service that the newspaper is able to give. The newspaper sells white space distributed over the number of circulation units or subscriptions. As is pointed out in the chapter on Proved Circulation, the newspaper's circulation is judged upon its length, breadth, and thickness, which mean, respectively: How many subscribers? Where do papers go? How were subscriptions obtained?

In the promotion of advertising, however, the advertising manager must go further. He can offer a maximum circulation for his community, a circulation either concentrated or widely distributed. He can offer also a circulation which has reader confidence or a creditable thickness of circulation; however, these are not in themselves sufficient. Advertising service is the other consideration. How can the newspaper serve the advertiser?

Through the Newspaper Advertising Executives' Association the standards and extent of coöperation have been determined as follows:

First, to study the local markets and trade territory and be able to report intelligently thereon for national and local advertisers.

Second, to furnish such information for prospective advertisers and to make market investigations which may be general in scope and applicable to many accounts, but to insist that the identity of the proposed advertiser be made known before reporting the information compiled on a specific line.

Third, to endeavor to educate the dealer in better merchandising methods and to insist that advertised goods be offered or furnished customers rather than "just as good" substitutes.

Fourth, to encourage adequate merchandising by supplying data, maps, route lists, etc., to the trade, for the use of salesmen of the manufacturer or advertiser who has made a bona fide contract for advertising space.

Fifth, to decline requests for service that are clearly not within the province of a newspaper, such as selling goods or other canvassing, or the payment of bills for printing and postage on letters, broadsides, etc.

Just what any particular newspaper can do depends upon the size of the newspaper, its resources, and its equipment. The publisher of a small daily obviously need not go as far as

the larger newspaper which, because of the complexity of its problem, must press its case in order to increase advertising volume.

The activities of a well-equipped and efficient merchandising department are as follows:

1. Conduct trade surveys for manufacturer and wholesaler
2. Furnish lists of dealers to prospective advertiser's salesmen
3. Coöperate with local merchants in timely featuring of the product in question
4. Introduce prospective advertiser's salesmen to merchant's buyers
5. Arrange demonstrations and window displays.
6. Print literature showing the advertiser's campaign and its relation to possible business for the retailers
7. Publish a merchandising folder or newspaper so as to make known the efforts of the newspaper to back up its advertisers
8. Secure and distribute data to both dealers and manufacturers so as to bring about the fullest coöperation

There are equally important steps not to take, among which might be mentioned:

1. The merchandising department should not become salesmen for the product
2. It should not give its full service to prospective advertisers, but may gather data for promising accounts.

The Merchandising Newspaper

An experience of several large dailies has demonstrated that a special newspaper, to be edited by the promotion or merchandising department or subdepartment of the advertising department and distributed among retailers, wholesalers, advertising agencies, and manufacturers can be profitably used.

Such a newspaper should cover news of interest to the trade, results of advertising campaigns, educational articles on business, reprints of particular campaign copy, general business conditions reports, pictures of leading salesmen in both retail and wholesale fields, and short editorials.

Trade Survey

If the newspaper publisher decides upon a merchandising department, he must realize that he will have to add clerical

assistance and investigators. The publisher of a small daily might well utilize the aid of an extra solicitor as an investigator so that he may have available as much information as possible that may be serviceable to both the present and the prospective advertiser. If the records are carefully kept, the survey will be of value.

In working out the survey, the questions to be asked may include the following:

1. What brands of a product are on the market?
2. What are the best sellers?
3. What are the prices?
4. What regard do customers have for the various brands?
5. What sales volume is obtained in a particular store?

The Cost of Promotion

Experience here varies because of difference in plans of operation of merchandising departments. It would, therefore, be out of the question to give the cost of operation of such a department. Inasmuch as the merchandising department is a part of the advertising department, the cost of operating the former should be included in the cost of the latter.

In a study made by the *Editor and Publisher,* the average expense of the advertising departments of the Inland Daily Press association newspapers was found to be 7 per cent of the total expenses. This figure may not be exact, but serves very well as a basis on which to judge whether the expense of the advertising department is too high. Included in this figure of 7 per cent were the payroll of the advertising department, commissions, special representatives, promotion, carfare, supplies, art and mat service.

If the publisher of a small daily gives part of his time to the advertising department, part of his salary as manager of the paper should properly be chargeable to advertising. In connection with the allocation of advertising expense, it must be remembered that the general supervision of the advertising and all other departments is chargeable to administrative expense.

To establish a basis it is safe to assume that the advertising budget will call for 7 per cent of the estimated revenue and that

the merchandising department, as a division of the general advertising department, will cost 1½ or 2 per cent of the total estimated expenses of the paper. This percentage should include payroll, overhead, printing, and other expenses of the promotion division of the advertising department. Advertising space used in its own newspaper should be chargeable to the paper only on a cost basis. The theory here is that the newspaper publisher cannot properly charge himself for interdepartmental work on a cost plus a profit basis.

Local Advertising Copy

Good local advertising copy should be newsy, informational, descriptive, generally attractive to women; it should emphasize price, as a rule, and should contain nothing but the truth.

There are many textbooks on advertising and, inasmuch as it is not the function of this text to study exhaustively the copy problems of advertising, the reader is referred elsewhere for details on type arrangement, copy, illustration, and character of presentation. Here we are concerned with the publisher's need for information on advertising practices to aid his judgments on policies that affect local advertising problems. He should be able to appreciate good, effective copy, but further, he should be able to outline, for the members of his advertising department, plans that will bring profitable business to his organization.

Finding Selling Appeals

Instructions should be given solicitors to assist present and prospective advertisers in finding the best selling points for use in local copy. It is simply a case of "digging for material."

The sources for selling points are: (1) the buyers of merchandise in the local stores; (2) the manufacturer who usually distributes abundant literature, including catalogues, dealer-helps, price lists, and direct information as a result of inquiry; (3) the salesmen in the stores; (4) traveling salesmen who call upon merchants in the town; (5) the advertising agencies themselves, as well as the copy they produce; (6) friends; (7) the goods themselves; (8) trade and business publications, one or more of which the individual merchant usually takes; (9) text-

books; (10) business conditions services, such as Babson, Brookmire, Alexander Hamilton Institute, and others; (11) the public library where the history of certain products and other informative material may be found in encyclopedias and other books.

Advertising is educative and so the solicitor must always be on the alert to discover new ways of using the product, some of which probably have been known to others but never presented in the solicitor's town or city.

Some of the leading questions which may be asked are:

1. What is the article?
2. How is it used?
3. Who uses it or can use it?
4. Why should it be used?
5. What is it made of?
6. Where is it made?
7. How is it made?
8. What are its advantages over similar goods?
9. What are its price comparisons with similar products?

Developing Local Accounts

Local monthly volume of advertising can be stimulated through the use of exhibitions, dollar day campaigns, and other typical features.

In one city, the advertising manager, on seeing that his volume for the month was not showing good comparative results, originated a swimming meet, giving a prize for the best local swimmers. The story of the contest made good news and of course created interest among sporting goods dealers. Practically out of a clear sky more than $500 worth of space was sold easily. This idea can be used effectively in arranging different kinds of feature exhibitions, style shows, and other local events.

When business is not what it should be, the advertising manager should not forget his business tickler, a reminder of possibilities for different kinds of business. Such a device is stimulating to solicitors and, if handled tactfully, can be made productive of considerable business.

Many merchants are so engrossed in their own business details that they sometimes forget advertising possibilities. It is part of the service and sales work of an advertising department to remind merchants of money-making possibilities.

When a tip comes from Paris that large hats are to be in vogue, the advertising solicitors should see millinery stores and department stores carrying millinery. Low-priced popular novels should be featured during the vacation months. In hay fever time, druggists should be reminded that they should feature hay fever remedies.

The list of possibilities might be extended at great length. Graduation time is filled with possibilities for developing business. During the hot weather season, kitchens get warmer, giving occasion for mention of gingham dresses, aprons, electric fans, electric and gas ranges, fireless cookers, and electric washing machines.

Among other possibilities are June weddings, opening of the baseball, football, and indoor sports seasons, the hunting season, and Christmas savings clubs.

Price in Advertising

The newspaper is the average person's market bulletin in which he or she learns the prices and offerings of the day or the day following. Price is always a factor of importance in local advertising, although it is, of course, not always necessary to mention price, especially if the type of advertising be institutional or good-will advertising. Prices should be specific. Comparative prices are not advisable. If an advertisement says: "Spring suits, $14.75—Worth $25.00," who can determine the truth of the valuation $25.00? The whole question of comparative prices is a mooted one. Some stores make frequent use of comparative values, others do not, while some stores use comparative prices occasionally.

In instructing advertising solicitors, emphasis should be placed on the desirability of avoiding an overstatement of values. The solicitors may many times do a great deal to educate the merchant to eliminate extravagant statements and meaningless superlatives from his advertising copy.

Censorship of Advertising

Leading newspaper publishers, as well as the Associated Advertising Clubs of the World, have done much to eliminate untruthful and harmful advertising. There are some publishers, however, who seem to hold the theory that their advertising columns are an open business forum, in which any product, irrespective of its character or quality, may be advertised.

More and more, business men generally are recognizing that economic and ethical truths are not in disagreement and that the best business success is the one that is founded on the best moral principles. The leading publishers are in line with this development in thought and practice, and to-day the best newspapers place a rigid censorship over their advertising columns.

Questionable financial advertising is one of the principal types which has been eliminated, together with harmful or extravagant medical advertising. In many cases, the publisher has no easy way of judging whether advertising is harmful or not; however, if he will but investigate, he will learn that means of finding out the facts do exist.

Membership in the Investment Bankers Association of America is a good index of the general character and financial stability of an investment banking house. Bank advertising is usually all right if the bank is a member of the Federal Reserve system, although there are some entirely sound banking houses that do not belong to the Federal Reserve system.

The rules of the Chicago *Tribune* on the acceptance of medical advertising set a good example by which to judge the acceptance of medical advertising. The rules of the *Tribune* are as follows:

"A" The Chicago *Tribune* accepts advertisements of:

1. Approved medical books and periodicals.
2. Approved procedures and proposals for preventive medicine.
3. Sanitary appliances.
4. Disinfectants, soap and other cleansing agents.
5. Ventilating and heating devices.
6. Mineral waters.

7. Health foods and curative remedies the worth of which is generally recognized by the medical profession, having the U. S. Government approval as to the alcoholic content for internal remedies which present no claims of extravagant results for the treatment of specific ailments, but which are, in the judgment of the Chicago *Tribune* advertised for those purposes which will not tend to diminish in the minds of readers the necessity of proper medical attention, and subject to the following limitations which apply especially, but not entirely, to curative medicines.

"B," the *Tribune* does not accept advertisements of:

1. Physicians, surgeons, and specialists in medicines.
2. Abortionists, remedies to produce abortion, instruments to produce abortion; remedies, instruments and appliances to prevent conception.
3. Remedies, drugs, appliances and methods the proprietors of which have been convicted by the federal, or any state, or municipal, government of violation of the Federal Food & Drug Act, the Sherley Law, or any state or municipal law of the same general character and intent as the above laws.
4. Remedies, drugs, appliances, and methods which have been brought into public disrepute by widespread charges brought by any federal, state, municipal, health or food department, by the American Medical Association, National Retail Druggists' Association, the National Dental Society, or any other well established reputable organization, or by any considerable section of the public press.
5. Internal remedies containing cocaine, morphine, heroin or any other habit forming drug.
6. Internal remedies, except laxatives and purgatives and those acceptable under rule "A-7."
7. Local applications, sprays, inhalations, lotions, liniments, ointments, dyes and other local applications which contain wood alcohol, lead, cocaine, or any other substance that is poisonous or liable to do harm.
8. Hidden ads (prescriptions).
9. Remedies, drugs, appliances and methods for which extravagant and obviously impossible claims are made, such claims as are against the letter or the spirit of the Sherley Law. This applies if the claims appear on the label, in a circular or booklet, or in any advertising matter whatsoever.
10. Dental advertising.

Advertising Statistics

In the larger city with several newspapers in both the morning and evening field, there is keen competition for supremacy. Then, too, there is active competition between the leading morning and the leading afternoon newspapers. One may print a Sunday edition, the other may not. If one is a seven-day-a-week morning newspaper, it is not a fair comparison to weigh the circulation figures with a six-day-a-week evening newspaper.

Still another phase of competition is between the magazines and the newspapers. While there is considerable difference between the advertising in the best periodicals and the advertising usually found in the news sections of newspapers, there is competition nevertheless for the large national accounts.

These factors of competition mean that some fair means of gathering and arranging statistics must be used. For this purpose Media Records, Inc. makes unbiased statistical surveys of advertising lineage.[2]

Difficulties in comparing the value of advertising in magazines and in newspapers are overcome through the use of millines, a unit of measurement invented by Benjamin Jefferson to serve a purpose in the advertising field similar to tons, gallons, and calories in other fields. One milline represents one agate line circulated one million times, or one thousand agate lines circulated one thousand times, etc.

Advertising quality is relative. For example, the quality of space in *Capper's Farmer* may be high for milking machines, but low for rouge or lip sticks. The converse would be true of *Good Housekeeping*. However, the volume of advertising in each classification in each medium can be measured in millines, thus throwing light upon the quality of each medium for any particular type of advertising, that is, amusements, automobiles, building material, dry goods, toilet articles, etc.

Display Features

To insure good appearance, many newspapers rule against type of undue size, especially wood type, also unsightly illustra-

[2] Optional spelling is linage.

tions. Such a ruling is sound, for one of the assets of the publisher is the appearance of his newspaper.

As far as the publisher is able, it is advisable to have the elements of display, borders, white space, illustrations, type faces, headlines, and subheads, in proper proportion. They should be so arranged that they emphasize most effectively the product or service being advertised.

Pyramid Make-up

In presenting display advertising to the public, the publisher needs to give the advertisements the best possible arrangement. Instead of the hodge-podge appearance of the newspaper page containing advertising scattered here and there, the pyramid form of make-up should be insisted upon. Larger newspapers have adopted this form of make-up almost entirely, and it is only in case of the merchant advertiser, who wants to dictate the location of his advertisement, that the publisher will have difficulty in adopting the pyramid form.

The pyramid form of make-up of the newspaper page makes the advertising more effective, because it is then presented according to well-established psychological principles. The reader of an American newspaper reads from left to right, with his general eye direction down the page. There is then a force extending from left to right, and another from the top to the bottom of the page. The resultant of these two forces is a diagonal extending from the upper left hand corner to the lower right hand corner.

Reading should be placed in the upper left hand corner in order to attract the reader's attention, to get him to linger over the page—assuming in this case that the page contains both editorial material and advertising.

The diagonal from the upper right hand corner to the lower left hand corner is the base of the advertising pyramid. Advertisements should be grouped according to size with the smaller ones on the base line. The effect of this form of make-up is first to attract the reader's eye by the text; then, after he has stopped to observe the headlines and read the articles that interest him, his eye is attracted to the large advertisement in the

lower right hand corner, stopping on the way to pick up any smaller ones that may interest him. This make-up is symmetrical and lends dignity to the newspaper page. In theory, it is built on both the laws of physics and psychology.

Layout and Illustrations

The newspaper publisher in the smaller city need have no advertising pages that are unattractive. With type make-up kits, with a demand on the part of many merchants for better and more productive advertising, and with increased knowledge of typographical possibilities, the publisher can usually present advertising far superior to the crowded, unattractive advertisements of other days.

Much of the advertising that comes to the daily newspaper is in the form of mats, prepared by advertising agencies. These are usually a factor in making the advertising of a newspaper more attractive and more profitable. Some of these mats are used by national advertisers in the newspapers; others are prepared by national advertisers and are paid for, in part, by the local merchant distributing the product. The national advertiser usually pays the advertising bill if the product is a general commodity and is sold through many stores. The local merchant usually shares in the payment if he has an exclusive selling agency for the product.

To make the layout and illustrations of the advertising in his newspaper more effective, the publisher needs to educate the merchant to his possibilities in using advertising prepared for national advertisers by agencies, with the desire to share the local advertising expense.

But in the advertisements prepared in his own ad alley, the publisher can make improvements. For one thing, the layouts of advertisements can be made more effective by use of liberal white space. Contrast between black and white is one of the effective factors in newspaper advertising. Half-tone screens and Ben Day patterns provide for different effects through shading.

Half-tones are commonly used in advertising campaigns, but their use should be judicious, for otherwise there are likely

to be poor results in appearance. Only a skilled retoucher can reduce a photograph to three tones, white, gray, and black.

The drop-out process is an effective means of making newspaper advertising compelling. With this process, the copy can be followed absolutely; "pure whites" can be shown where white areas are in the copy. In this work the best results come from original charcoal, pencil, or crayon drawings, over which the half-tone screen is used.

In ordinary half-tone work there are no actual whites, because the screen's pattern covers the entire area. The drop-out half-tone is produced by painting asphaltum over the full surface, except those places which are to appear in white. When the metal plate is dipped in the acid bath, the acid eats away such portions as are not covered by the asphaltum. In the reproduction, white space shows, without any screen effect whatsoever, corresponding to the actual white space of the original copy.

Outlandish typographical freaks should be avoided; however, the form may well depart from the usual right-angle make-up. A study of metropolitan newspaper pages will reveal many ideas that may be adaptable in the smaller city newspaper plant. In fact, in respect to almost any question of newspaper management, the answer that has been found by the large paper is worth consideration by the small publisher. Many practices of the metropolitan daily are different in degree but not in kind, from those of the country weekly. The major problems of newspaper management that confront the city publisher are the same as those that bother the country publisher, and an example in this book taken from the city field usually has equal significance, as regards the principle involved, for a publisher in country journalism.



FIG. 32. AN EXAMPLE OF COÖPERATIVE ADVERTISING FOR NATIONAL BUSINESS

the large newspapers have blazed the trail and have shown that newspapers, large or small, must give service to the national advertiser beyond that of supplying him with just so much white space for his message.

If the smaller city papers cannot afford a business survey department of their own, they can very effectively combine their efforts with other papers falling in their own class. For example, newspapers of about the same size in one state or in one natural geographical division can combine in a special advertising campaign to get national business.

It may happen that if the smaller dailies have special representatives having connections with papers in scattered parts of the country, such a policy cannot be carried out. But in any event, an adaptation of the plan can be used effectively.

National advertisers want information about the smaller cities, and if the special representatives, even though they do represent newspapers in scattered sections, have sufficient data on hand, they can more effectively present the claims of any particular newspaper for a place on certain advertising lists.

The Advertising Salesman

Usually newspaper space for national campaigns is sold through the special representative who presents the merits of his publication to the space buyer in the advertising agency.

In case the newspaper is a comparatively large one, however, it is sometimes well to have the properly qualified advertising solicitors of the newspaper itself present their publication's case directly to the manufacturer, thus causing the manufacturer to bring his influence to bear on the advertising agency to buy space in the publication in question.

To develop a successful advertising salesman there are several important factors about which he must be informed; otherwise he will approach his task considerably handicapped.

First and of prime importance, he should be thoroughly informed about his market. This information is not difficult to be obtained for the larger newspapers, but smaller newspapers may not feel justified in placing an individual on the payroll simply to compile such data. However, this is where the smaller newspaper makes a serious mistake. Even with a circulation of 4,000 the publisher can afford to use part of the time of one solicitor or possibly the services of an office girl to compile dealer lists and other information that would be



FIG. 33. THE MERITS OF ONE NEWSPAPER CAN BE EFFECTIVELY ADVERTISED TO NATIONAL ADVERTISERS THROUGH THE COLUMNS OF OTHERS

of vital interest to the manufacturer coming into that town as an advertiser in the local newspaper.

Hardly a week passes without some changes in these dealer lists, especially in the larger centers. For this reason part of

the time of this solicitor, if the publication does not use a full-time employe for the purpose, should be devoted to keeping up to date all the information needed for the benefit of the national advertiser.

Moreover the salesman must be familiar with the scope of his market, its size and sales possibilities. He should know the trading area represented by the subscribers of the paper he represents, something of the buying power of his trading area, and probably a history of some campaign that has been successful through the use of space in his newspaper.

Next, the advertising salesman should know about the population—its numbers, sectional buying powers, nationalities, and buying habits.

Naturally, it makes some difference to a national advertiser whether a town is an industrial center, such as Gary, Indiana, known for its large numbers of steel mill workers, or an agricultural community such as Danville, Illinois, located in the center of one of the best agricultural sections in the Middle West.

An oil town in Oklahoma has a different aspect from that of a shoe-factory town in Massachusetts.

Not only are cities different, but sections of cities and towns are different. As an example of the necessity of knowing the buying habits of all sections of a city, the case of Domino sugar might be cited. This sugar was to be advertised in one of our largest cities and in accordance with the plans a survey was made of the sections where the possible consumption of this product would be greatest.

Inasmuch as the product is a quality sugar it was naturally thought that there would be little use in endeavoring to market the sugar through dealers in certain foreign sections of the city.

Investigations proved differently, however, for it was found that certain foreign residents liked loaf sugar much better than the ordinary granulated sugar, for, according to their old-country custom, they drank coffee, for example, sipping the liquid through lumps of sugar held in the mouth. Prior to their knowing about the better grades of loaf sugar in this country,

they were forced to drink coffee contrary to their custom. Therefore they were glad to buy the more expensive loaf sugar.

This example is one showing how important it is to know the buying habits of all classes of the population. One would think perhaps that musical instruments, phonographs, pianos, and the like might not be good sellers in certain cities having a high percentage of residents of foreign birth or foreign parentage. However, it must be remembered that the old-country peoples are musical by nature and that their ancestors have unexcelled musical histories. When these people come to this country they of course continue their love of music. For this reason the sale of musical instruments in the large steel manufacturing centers is heavy.

Numerous other examples might be given of special buying habits of people. Perhaps one more may be added. For a long time golf was a game of the wealthy. Not so to-day. There is hardly a little town in the Middle or Far West that does not have its golf enthusiasts, and in many of these smaller centers there are good golf courses.

While the courses are not always kept up as well as some of the better courses in the wealthier sections of the country, they are fondly regarded by the players, who easily become devoted to the game. These players are, therefore, prospective buyers of golf equipment.

Many of these enthusiastic players in the small towns and cities are as eager to have good golf clubs and the proper golf costume as are the players in the larger cities.

Besides knowing the scope of the market, and the nature and peculiarities of the population, the advertising salesman should be well informed about the distributing channels of nationally advertised products in the community of the newspaper which he represents.

It is well that he should know about the brokers, jobbers, and retailers in his newspaper's city. How many jobbers and how many retailers are there? Do the jobbers feature their own brands of food products, for example? The answer to this last question would be important for the advertising sales-

man to know, if he were soliciting a food account of a nationally advertised brand.

Not long ago the sweet-potato growers of the South wished to break into the Chicago market and they believed that they had good reason to advertise their brand of sweet potato. Other food products such as oranges, lemons, raisins, and apples had been successfully advertised under brand names. However, the effort to market these sweet potatoes was unsuccessful because of the peculiar position taken by the jobbers of food products. The campaign in Chicago was a failure, although in other cities it was a success.

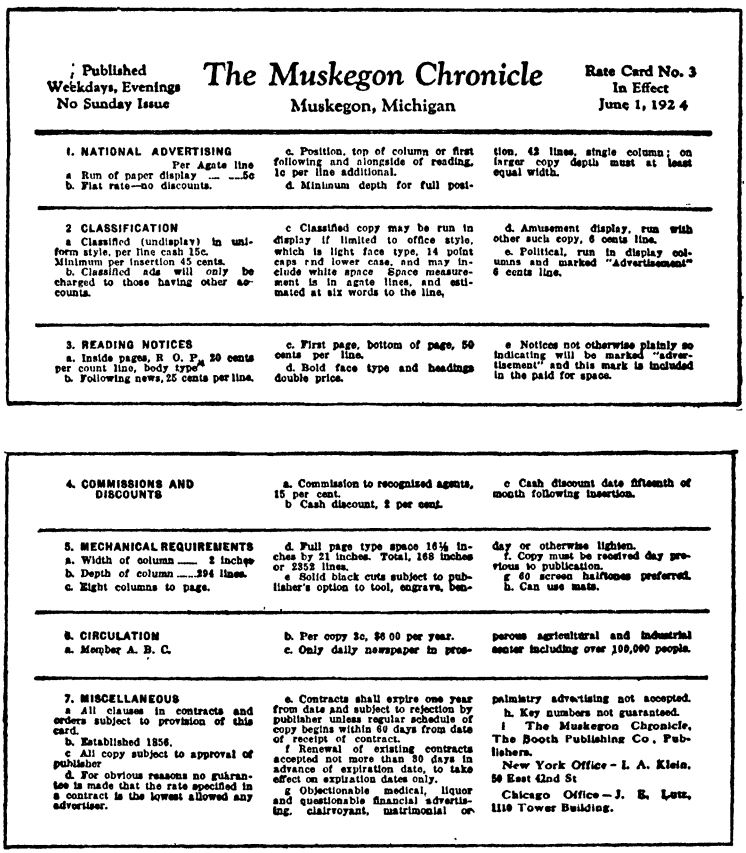
The difficulty in this campaign was that in planning for the advertising sufficient consideration was not given to the channels of distribution. Each community has its own peculiar marketing conditions and it is the business of the advertising solicitor to know thoroughly these peculiar conditions.

Further, it is necessary to know how far these jobbers and retailers will aid in the distribution and sale of the new food or other product being marketed. How far will they go in giving the campaign their hearty aid and coöperation?

In case the product to be advertised is sold by mail, the question of distribution does not concern the local retailer or jobber, as a rule; but it must be remembered that the effort on the part of the manufacturer to market his product directly to the consumer may be only an effort to create demand so that the local jobbers, wholesalers, and retailers will stock the product for resale.

The salesman should also be informed on the prices, discounts, and packing of the articles the advertising for which he seeks for his publication. Many times jobbers refuse to handle new products unless they receive favorable discounts. In the larger cities where the newspaper advertising department is aware of the peculiarities of the local market, the advertising manager can often advise well on the question of price, especially in case of a new product being introduced into that market for the first time.

Whether or not the local grocers, in case the advertising of food products is being considered, will distribute samples to



; Published
Weekdays, Evenings
No Sunday Issue

The Muskegon Chronicle
Muskegon, Michigan

Rate Card No. 3
In Effect
June 1, 1924

1. NATIONAL ADVERTISING
Per Agate line
a Run of paper display 5c
b. Flat rate—no discounts.

c. Position, top of column or first following and alongside of reading, 1c per line additional.
d. Minimum depth for full position, 42 lines, single column; on larger copy depth must at least equal width.

2 CLASSIFICATION
a Classified (undisplay) in uniform style, per line cash 15c. Minimum per insertion 45 cents.
b. Classified ads will only be charged to those having other accounts.

c Classified copy may be run in display if limited to office style, which is light face type, 14 point caps and lower case, and may include white space Space measurement is in agate lines, and estimated at six words to the line,

d. Amusement display, run with other such copy, 6 cents line.
e. Political, run in display columns and marked "Advertisement" 6 cents line.

3. READING NOTICES
a. Inside pages, R O. P. 20 cents per count line, body type.
b. Following news, 25 cents per line.

c. First page, bottom of page, 50 cents per line.
d. Bold face type and headings double price.

e Notices not otherwise plainly so indicating will be marked "advertisement" and this mark is included in the paid for space.

4. COMMISSIONS AND DISCOUNTS
a. Commission to recognised agents, 15 per cent.
b Cash discount, 2 per cent.

c Cash discount date fifteenth of month following insertion.

5. MECHANICAL REQUIREMENTS
a. Width of column ..... 2 inches
b. Depth of column .....294 lines.
c. Eight columns to page.

d. Full page type space 16¼ inches by 21 inches. Total, 168 inches or 2352 lines.
e Solid black cuts subject to publisher's option to tool, engrave, bend-

f. Copy must be received day previous to publication.
g 60 screen halftones preferred.
h. Can use mats.

6. CIRCULATION
a. Member A. B. C.

b. Per copy 3c, $6 00 per year.
c. Only daily newspaper in prosperous agricultural and industrial center including over 100,000 people.

7. MISCELLANEOUS
a All clauses in contracts and orders subject to provision of this card.
b. Established 1856.
c All copy subject to approval of publisher
d. For obvious reasons no guarantee is made that the rate specified in a contract is the lowest allowed any advertiser.

e. Contracts shall expire one year from date and subject to rejection by publisher unless regular schedule of copy begins within 60 days from date of receipt of contract.
f Renewal of existing contracts accepted not more than 30 days in advance of expiration date, to take effect on expiration dates only.
g Objectionable medical, liquor and questionable financial advertising, clairvoyant, matrimonial or palmistry advertising not accepted.
h. Key numbers not guaranteed.
i The Muskegon Chronicle, The Booth Publishing Co., Publishers.

New York Office—I. A. Klein, 50 East 42nd St

Chicago Office—J. E. Lutz, 1110 Tower Building.

FIG. 34. FRONT AND BACK OF A CONVENIENT RATE CARD FOR ENCLOSURE IN OUTGOING CORRESPONDENCE

their customers, is a vital question. Many times the grocers will not coöperate on this because they feel that they cannot afford to give the time to passing out sample packages with their customers' regular orders or otherwise.

If the service man of the newspaper, together with the salesman of the food product, could visit the grocer and could show him that his profits would be greater through effective coöperation with the national advertising being run in his interest, much good would accrue to the business reputation of the newspaper.

In case of specialty products, the newspaper advertising departments should be advised as to how best to handle specialty salesmen in a community. As has been mentioned before, the newspaper cannot become an agent for a product, specialty or commodity; but the newspaper can serve in making its advertising effective by obtaining all the coöperation possible from the agencies through whose hands the product is to pass from the manufacturer to the consumer. By following this precept, the newspaper is taking out just so much business insurance. By practicing what the best newspapers have found profitable, the newspaper publisher, through his advertising department, is only protecting himself by backing up his advertising. He must realize that advertising to be effective must produce results; in these days of competition ineffective advertising brings about only loss of business reputation and decreasing profits.

If the advertising salesman is to be successful, he must be able to analyze the product as to whether it will sell in his particular market. If the product will not sell, there is little use in his trying to use his advertising columns profitably, for in the end he will be the loser, no matter how large the contract.

But the salesman must remember too, that if his medium is held in high regard by the business public, a product which might not readily be sold through the efforts of the newspaper, might still have its reputation greatly enhanced through advertising.

Not all advertising is meant to sell directly; some advertising is meant to build reputation for the sake of future sales. Public utility advertising may not have for its purpose the selling of definite articles to the public, but rather the coöperation of the public in an endeavor to establish better public relations.

Before making a solicitation of the advertising of a nationally known product the salesman should know something of the manufacturer's organization. It is important to know whether the manufacturer has the financial resources, as well as the nerve, to go through with a national advertising campaign.

It is equally important for the salesman of advertising to know what kind of a proposition the manufacturer has to make.

What would likely be the size of the original order of a purchaser of the product? Naturally, an automobile would be marketed on a different basis from a bar of soap.

Moreover the salesman, if he is to be really successful, must understand advertising in general and its relations to the sales problems of both manufacturers and distributors.

There is distinctly local advertising, such as the advertising of a local furniture storage company; then there is the advertising of the local clothing merchant, who, because of his relations with the manufacturer, uses "national" copy with the local merchant's name inserted at the bottom. This last type of advertising is, in a way, national because it is used in the interest of a nationally advertised product.

The large newspapers of the country are competing with the national periodicals, which try to cover the country as a whole. The weak point in the sales argument of the national magazines is that they do not have a high percentage of coverage of any one community; for this reason the newspaper can compete on a zoning basis with the magazines. For example, national advertisers can select newspapers from coast to coast, newspapers with a total of a great mass circulation, at a price favorable to both the publishers and the advertisers, or in other words, at rates lower than the combined rates of several magazines.

There is little use in the newspaper manager's trying to deceive himself with ostrich-like reasoning. He must recognize the value of the national magazines which have a quality circulation, suitable for national advertisers to use in establishing good will or in educating certain classes of the public to the merits of their products.

But the newspapers need not sit back idly and let the magazines and radio take too large a volume of advertising lineage. Therefore, it is the newspaper manager's problem to know the selling points of his own advertising space.

First, he must know, and have facts to prove, that his coverage is high and that his circulation measures well according to the three dimensional standard mentioned in the chapter on Proved Circulation.

Then too, the manager should know that he can compete with national magazines in securing national advertising appropriations if he marshals his facts to the best advantage, if he coöperates with other newspapers in the promotion of the zone idea of advertising.

By a zone is meant a certain section or city, in which a newspaper can obtain a high percentage of coverage.

The Salesman Must Know His Medium

An advertising solicitor should know his medium; he should know the quantity and quality of its circulation, the responsiveness of its readers, as well as its influence among customers, retailers, and jobbers. He should know how his paper compares in these points with other newspapers in his city, both in the morning and evening fields. The salesman must understand what assistance his publication will give to advertisers and how sales effort can be coördinated with advertising. He must be able to give advice to advertisers and prospective advertisers and likewise be able to show what results national advertising in his publication has obtained.

Then, of equal importance, is his being able to close the sale, after he has made his presentation, following his study of the prospect's business problem.

Selling advertising might be compared to going into battle. The best prepared army wins and this is as true of the battle of business organizations as it is of the battle of nations.

Sales Organization

Whether a newspaper publisher is in a small city or a large one he must have some organization in order to obtain business, for in these days business does not just come to the newspaper.

Progressive organizations have two branches for solicitation of national business: first, the newspaper's own solicitors; and second, the special representatives of newspapers who are located in the larger centers of population or the advertising space markets of the country. The newspaper's own solicitors are paid by the newspaper, on a salary or commission basis; the special representatives form an independent organization,

representing several newspapers and operating entirely on a commission basis.

For both these wings of the sales force special information is necessary, and it is the publisher's business to furnish all the facts possible about the publication, and its merits as a sales-producing medium.

The Special Representative

Even the small newspaper with a daily circulation of 3,000 needs a special representative, for otherwise, how are space buyers in the large marketing centers to know about its merits?

A certain manufacturer knowing that Iowa is a prosperous state may want to try a sectional campaign in that state. He may choose the dailies in the several largest cities like Sioux City, Des Moines, Cedar Rapids, and Davenport. But with all due respect to the publications in these cities, these papers do not cover the state. Again the manufacturer may select the weekly press, or he may select a battery of small city dailies, or again he may vary his selections so that his advertising will appear in all of these classes of newspapers.

But in choosing half a dozen small city dailies how is this manufacturer to know anything about any particular newspaper? The publisher who complacently waits for business to come his way might wait forever before his publication would be selected for this particular advertising campaign. In fact, the plans might be laid months ahead of his learning of the existence of such a campaign. If his rival paper has a special representative its publisher is likely to obtain at least a chance at the business. Without a special representative a publisher hardly has a chance to obtain some of the best of national advertising; but he is deliberately cutting down the volume of his business and failing to distribute his overhead expenses over as wide a range of accounts as possible.

In choosing a special representative, the publisher should select one who has a reputation for fair dealing and business getting ability; in addition, the publisher should be sure that his special representative has sufficient capital to carry on his business. The special representative should have well-established

offices in the principal centers and he should be capable of taking full charge of the work of obtaining foreign or national advertising.

The foreign or national advertising volume of the newspaper on the average amounts to approximately 30 per cent of the total volume of display advertising; on the newer standardization basis, the percentage of general advertising, or advertising of the manufacturer, for a group of newspapers in 52 cities, as studied by Media Records, totals approximately 22 per cent of the total volume of display advertising, as is shown in a summary given in the chapter on Local Advertising. Inasmuch as automotive advertising varies, according to that study from 9.5 to 6.4 per cent, it may be seen that on the older basis of the "national" classification the estimate of 30 per cent of national is substantiated. General advertising usually reaches the newspaper in the form of electrotypes or mats and thus saves the newspaper the expense of composition, despite the fact that in practice so-called foreign display advertising rates are often slightly higher than local or retail rates.

Some publishers may think that they can secure national advertising by occasionally visiting New York and Chicago advertising agencies. However, the newspaper publisher who reasons thus is in error, for at best he is not likely to make more than two trips a year to these large centers. If he did make more than two trips and did visit any number of even the larger agencies in New York, Boston, and Chicago twice a year, he would consume a great deal of time. Even then, he would not be in touch with these markets as would the special representatives who devote their entire time to the securing of national advertising for their string of papers.

While some publishers think that the 15 per cent commission paid to special repesentatives is high, they must realize that if they consider the expense of their own trips, including railroad fare, hotel expenses, entertainment, and incidentals, as well as their own time, this expense amounts to considerable. The business secured is not likely to be as great, in volume or in net profit, as the business that could be secured in the same period by the special representative.

In dealing with the special representative, the question arises as to whether or not the newspaper publisher should pay the foreign representative on all foreign business carried in the newspaper or only on the foreign business secured by him. While this question has arguments on both sides, it seems only fair that, if the special representative takes charge of the national advertising he should be paid on all the foreign business in the newspaper he represents.

The special representative is carrying the total expense of office and soliciting maintenance, without any burden to the publisher. And the practice of other sales organizations selling through jobbers is to allow the jobber the commission even when the order comes directly through the manufacturer—clearly an analogous case.

The Newspaper's Own Representatives

The dailies published in the largest cities have a different problem, obviously. Sometimes the newspaper can have its own special representative on a salary and commission basis; that is, a commission is paid on the business secured. If a newspaper had a circulation of 300,000, it would probably be economy to have its own foreign advertising centers in such space markets as New York and Chicago. Newspapers of smaller circulation would find it more economical, as a rule, to take advantage of the services of a special representative.

Personnel

Developing personnel is one of the mainstays of any organization, for if the hearts and minds of the men are not caught in the spirit of the enterprise the battle is half lost before it is begun.

Andrew Carnegie is reported to have said that if his business were taken away from him but his organization left to him, it would be comparatively a simple matter to build up a new business; but that if his organization were taken away it would be a more serious matter.

With some executives discipline is a bigger word than harmony, and in their policies these executives carry out their

decisions on such a principle, thereby oftentimes antagonizing the men, deadening their ardor for producing business and disheartening them so that they can hardly take their tasks seriously but good naturedly, whether business is coming their way or not.

It is evident that the first essential of training salesmen is to win their spirit by making them members of the sales team. They should be made to feel that they can talk over their problems with their chief and bare their personal and business troubles; then these fellows will really feel themselves to be a vital part of the organization and members of its business family.

The specific points to be covered in the training of salesmen should be prefaced by several fundamentals. First, the reason for the existence of any sales organization is that it shall get business. Next, the type of men selected should be the right type. It should be certain that these men will be "willing to play ball together."

In selecting the men *to be trained,* the age, health, appearance, personality, and knowledge of the men should be considered. It is important to know whether a man is married or whether he is a member of the church. While these points may in themselves be inconsequential, they have an important bearing on the attitude of men toward their work. A married man is apt to be more steady and settled, more ambitious, if he is the right type, for he realizes that his burdens are greater when he must provide for his family. However, a dragged-down married man, the type of fellow who is run down at the heel, so to speak, is not wanted.

Naturally, the man's experience should be considered, as well as his special knowledge of the field in which he is to work. If he is satisfactory on all other points he can, if necessary, be trained in the specific line of work he is to handle.

In the training of the men the following points should be covered:

1. The history and organization of the newspaper, pointing out particularly its purpose and field
2. Salesmanship principles as applied to selling newspaper space

3. Personal salesmanship. How a salesman should conduct himself
4. Products which are sought as subjects of advertising copy
5. Ways of presenting specific products
6. Territory to be covered
7. Specific instructions of routine details, equipment, reports and relations to the organization
8. Description of service offered by newspaper
9. Inspirational material. Possibilities for the man who makes good

The executive should be the best friend of his men and be willing to hear about their little irritations and troubles. He should know about their wives and children, if the organization is not too large; if the organization is large, then this close relationship with the sales force naturally falls to branch managers.

The sales manager should strive for efficiency in his sales force and should use every effort to obtain and to hold business; but he must realize that men are men and that, to develop an organization, the spirit of the men must be considered, and that, if the enterprise is to succeed, the good will and full cooperation of the men are greatly needed.

For the purpose of stimulating sales efficiency, sales contests that are fair to both the large and small producers should be adopted. There should be a minimum amount for a stated period. To get the men to go over that minimum special inducements, carefully worked out from the standpoint of fairness to both the house and the man, should be provided.

In one local contest, a chicken-corned-beef feature was introduced. The city sales force was divided into two groups. The winners ate chicken at tables, on the opposite side of which the losers were forced to be content with corned beef and cabbage. This contest went a long way in producing good humor and wholesome fellowship.

Various ideas can be used in such contests, some better than others, but most assuredly the contest plan itself is a good one for producing sales.

In some way recognition should be given winners; possibly their pictures could be printed in the house organ. This prac-

tice makes a man feel that his services are being recognized, that he is an integral part of the organization.

Two Fundamentals

Before newspaper advertising can become effective in producing sales, two conditions must be met. First, it is merely throwing money away to advertise until distribution has been secured; and second, the goods are not actually sold until they are in the hands of the consumer. These points are recognized by high advertising volume newspapers.

Many advertising campaigns have failed to produce results because when the public was disposed to buy the goods and when the public asked for the goods, the local merchants were unable to supply them. Perhaps these merchants were waiting until the consumer demand should be sufficient to warrant the stocking of the merchandise. But in such an event, considerable advertising was wasted, for undoubtedly the merchants sought to supply customers with another brand of goods.

In the past there has been so much overselling to merchants by manufacturers and wholesalers, whose main thought was to move their own merchandise, that many attendant evils have resulted. Merchants have been overstocked with goods which they were unable to move and when this congested condition of their stock inventory coincided with a commercial crisis, large losses were the consequence.

To-day this old idea of business is undergoing a change, in that manufacturers and wholesalers are eager not only to place goods with the merchants but also to have the merchants quickly sell their stocks. In this way the merchant obtains quicker turnovers and keeps his stock in a fresher condition. He is able to do the same volume of business on less capital, thereby freeing the surplus capital for the improvement and extension of his business.

The newspaper advertising manager and the newspaper publisher must both be familiar with all such facts, for they are selling space to aid the merchant in the movement of his goods. While the newspaper publisher cannot actively concern himself with the question of whether the merchant is overstocked,

he can be sure, through his advertising department, that the merchant is stocked with the goods being advertised in his publication. Otherwise, the national advertiser will lose by creating customer demand that cannot be supplied through the local stores.

Preliminary Investigation

Before the actual solicitation of an account, the advertising salesman has several problems to consider. First, he must study the product and then determine whether or not the manufacturer is interested in the development of a particular market. For the purpose of this discussion, the particular market means the market in which the newspaper is published.

In starting such an investigation, the advertising department of the newspaper, or the special advertising representative, finds out whether the manufacturer is advertising in the particular market, and if not, the reasons why. In the case of the larger cities, the most distant parts of the country, or perhaps the less thickly populated agricultural states, the manufacturer often hesitates to open the field. In the case of certain large cities such as New York or Chicago, some manufacturers with a small annual volume, are afraid to try a campaign. If they knew the channels of distribution, on the other hand, they might not hesitate. It is the business of the newspaper advertising department to advise prospective advertisers as to both the quantity and the quality of the market.

If the manufacturer is already using publications in a certain market or territory, the advertising solicitor seeking the account for some other publication makes it his business to seek information on the success which the manufacturer has had in advertising in that community.

There is a comparatively large mortality rate of advertisers in some publications and the reasons for this loss of business are manifold; however, in many cases the trouble is that the advertising has been carried on without establishing the correct channels of distribution. In the case of products sold through jobbers and wholesalers, as well as in the case of products sold directly through the retailer to the consumer, failure has often-

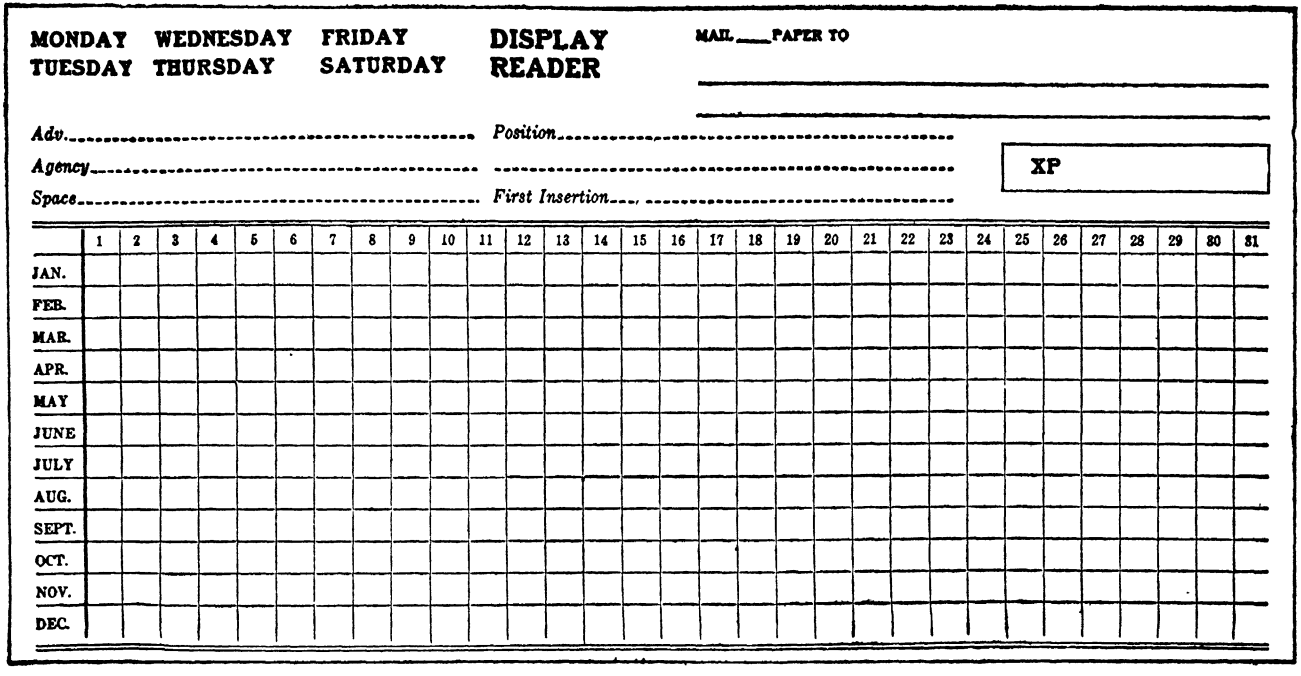


FIG. 35. OFFICE RECORD FOR A NATIONAL ADVERTISING ORDER

Insertion days can be checked conveniently for quick reference.

times been due to the selling of the product to the wholesaler and the retailer before creating, by national advertising, consumer demand.

The Solicitation

Before selling the medium, the solicitor has the problem of selling the market. If Danville is a prosperous city in which wealth is well distributed, if bank balances have constantly increased in the last few years, and if the trading area around the city is large, these and other facts form the basis of the solicitor's opening talk.

There are four possible factors of importance to emphasize. First is the fact that the territory contains a relatively compact group of "able-to-buy" people. Perhaps the larger city papers have an advantage here because their advertising covers considerable territory. For example, the Des Moines *Register* is distributed in all the principal towns of Iowa. The Chicago *Tribune* reaches towns and villages in five states, Michigan, Indiana, Illinois, Iowa, and Wisconsin. While it is true that the coverage in any one of the outlying towns may not be large, it is probably also true that if a citizen in Iowa City reads either the Des Moines *Register* or the Chicago *Tribune,* he is interested in the business and recreational possibilities of these larger centers of population; moreover, he is likely to be financially able to buy a majority of different classes of goods advertised in these publications.

The larger city newspaper in stressing this factor may point out the area covered in its circulation, the names of the states or the counties, with the population figures for each section. The wealth of these sections constitutes a strong selling point in discussing marketing possibilities.

Second in importance, the solicitor has the problem of bringing clearly before the prospective advertiser the fact that there are adequate facilities for distribution, mentioning the total number of jobbers and retailers, and the transportation and warehouse facilities.

There is, of course, the possibility that a city may not have a good distribution system, but usually there are more facilities

for distributing merchandise than the publisher who has never investigated realizes. In case a town does lack dealers who are willing to coöperate with newspaper advertising—and such dealers are likely to be found only in the smaller towns and cities—it is advisable for the publisher to discuss the question before the local chamber of commerce or to have an outside speaker come for the purpose of convincing dealers that by failing to coöperate by advertising, they are really losing profits.

Third, in selling the market for a larger city newspaper, the solicitor has the possibility of emphasizing the sameness of selling conditions in the territory covered by his newspaper, if a sameness exists. For example, the Des Moines *Register* or the Topeka *Daily Capital* could show that the largest percentage of the population of these respective cities is made up of the same kind of people, that there is a sameness of general business and community interests, a sameness of climate and a sameness of credit conditions. These examples are mentioned merely to show what are the possibilities. If there happened to be an unevenness of conditions it would not only be dishonest but poor business policy to emphasize something that could not be proved by actual statistics.

Fourth, for the purpose of showing what might be the sales possibilities of any product in the trading area covered by a newspaper, the solicitor can figure out, on a conservative estimate, how many units of a particular product might be used in the territory within a certain unit of time. For example, it was once figured out that if each person in the Chicago territory embracing the population of Michigan, Indiana, Illinois, Iowa, and Wisconsin, used one bar of soap a week, the aggregate would be 936,000,000 bars of soap a year.

The Medium

After selling the prospect on the market the solicitor then has the problem of selling his particular medium. Two important elements must be considered here: reader response, and dealer recognition. It is of advantage to show that readers of the paper respond to newspaper advertising in that medium.

This can be done by citing experiences of advertisers in similar campaigns in the territory.

Of prime importance is the effort to show that the paper really covers the territory. This can be done if the circulation figures substantiate the coverage, by noting the population of the city, the total city circulation, noting the population by families and the circulation by districts.

If the solicitor is working for a morning newspaper he has the problem of comparing his medium with the best evening newspaper or vice versa.

Consumer Analysis

Effective advertising may be gauged upon an equitable and thorough-going analysis of ultimate consumer buying habits. The information gained in such a check provides statistical material on consumer preferences regarding offerings of nationally advertised brands. Such information serves a useful purpose in the newspaper's solicitation of advertising accounts, especially national or so-called general advertising; it likewise proves helpful in the study of local advertising in relation especially to retail outlets for nationally advertised brands.

The consumer analysis of the Milwaukee *Journal* has proved a pace maker in this form of research. The *Journal* began its consumer analysis plan in 1922; its plan has been approved by numerous manufacturers and advertising agencies, who have pronounced this plan a superior form of market analysis.

Smaller daily newspapers, as well as the weekly newspapers, individually would find that such an anlysis would be impractical; however, groups of dailies in specified markets, or the weekly newspapers of an entire state, could well coöperate in such an undertaking.

If the newspaper publishes a Sunday edition, special emphasis can well be placed on the Sunday issue as an advertising medium. The average metropolitan daily with a substantial circulation often has a much larger circulation on Sunday.

The larger newspapers have larger Sunday circulations not by accident. Real selling effort has made this Sunday edition large in circulation as well as in total advertising lineage.

The theory upon which the larger Sunday circulation is built is that readers are at home on Sunday or have more time for reading on that day. Monday, the first day of the week, experience has shown, is not so good a day for general activities, such as theater attendance and consumer buying. Therefore, extra stimulation must be given to boost Monday retail store sales; hence have come the special Monday sales in order to attract retail buyers.

In the larger centers there is usually more than one Sunday paper; even in New York competition for Sunday advertising contracts is keen and the papers are forced to demonstrate the revenue-producing powers of their advertising columns, their circulation value, and their advertising tie-up, such as marketing plans and research.

In selling Sunday newspaper advertising, the national advertising department has first on its hands the problem of selling the city and its trading area.

Chicago, for example, is the greatest railroad center in the world, with approximately twenty-five major trunk line railroads running into the city. It is at the crossroads of the country, between the forest lands of the North and the cotton producing sections of the South, between the manufacturing centers of the East and the agricultural lands of the West.

The Chicago Sunday papers cover five states, Michigan, Indiana, Illinois, Iowa, and Wisconsin. This coverage is greater than the daily coverage of the same papers.

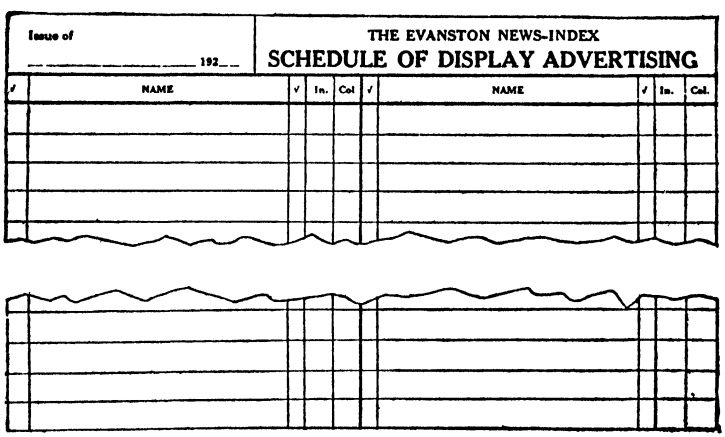
The out-of-town readers of the Chicago Sunday papers are usually those who at some time or other pass or will pass through the city. Likely many of them will stop for business or amusement. The purchasing power of such individuals is better than the average, and so the advertiser, using the Sunday newspaper, although not able to reach *all* the readers, is able to reach a very desirable class of readers, readers who represent a purchasing power capable of buying a majority of different classes of products advertised in the Sunday columns.

The reputation and standing of the paper can well be emphasized, as well as the total circulation figures, the total country circulation, and the separate circulations for important towns.

Assistance to Advertisers

The solicitor, in seeking sales, has an advantage over his predecessor a decade ago, for the merchandising department of the newspaper, as it is organized to-day, is comparatively new. Details of the merchandising service are presented in another chapter, but the "selling" of the merchandising idea to the prospective advertiser will be discussed here.

To the man who has never heard of the merchandising service of the modern daily newspaper, this merchandising service simply does not exist. It is extremely important that the prospective advertiser know what service the newspaper offers


Issue of _____ 192__

THE EVANSTON NEWS-INDEX

SCHEDULE OF DISPLAY ADVERTISING

✓	NAME	✓	In.	Col	✓	NAME	✓	In.	Col.

FIG. 36. A DAILY ADVERTISING SCHEDULE FORM WHICH MAY BE USED FOR LISTING BOTH LOCAL AND NATIONAL ADVERTISING

him in making his particular advertising productive of profitable results. To-day there are so many promises of service that the advertiser may wish to know exactly what the newspaper means when it speaks of coöperation.

There are certain literary and psychological considerations in any advertising campaign, but its greater significance is economic. All other things center around the financial returns or the favorable reaction of the public. "Would it pay me to advertise in this medium?" asks the prospective advertiser, or

the space buyer in the agency, if the placement of copy comes through agency hands.

If the advertising is to bring dividends, two fundamental economic principles of advertising must be regarded. These have already been mentioned but for the sake of emphasis may be repeated. First, there cannot be productive advertising unless there are provided the proper channels of distribution; second, the goods are not really sold if they are only saddled upon local merchants. To constitute sales, the goods have to move from the dealer's shelves into the hands of the consumer.

These facts the solicitor has an opportunity of pointing out. He can show that the survey or merchandising department has studied the scope of the market, and that therefore it is able to supply information on market conditions. Moreover, he can show that such a department can give actual aid by furnishing a system for effectively working the market, thus coordinating sales and advertising.

In covering these points, the solicitor may be able to point out that the paper has gained valuable information relative to the marketing of similar products and that this information is at the command of the new advertiser.

Another vital point to be emphasized is the trade recognition of advertising carried in the newspaper the solicitor represents. Here records of what the newspaper's advertising has already done for other advertisers, by way of helping the retailers and jobbers move the goods off their shelves, can be stressed. If the newspaper publishes an auxiliary sales paper, as many large newspapers do, copies of this can be shown to indicate the extent of the business-building effort.

If the newspaper has refused to advertise certain products and if the newspaper solicitor can show proof of this fact, much ground can be gained in proving to the prospective advertiser that advertising is not accepted for publication until the vital economic factors of advertising as related to distribution have been fully considered and found to be satisfactory.

In closing the solicitation, the salesman may well point out again the results other advertisers have had through the medium he represents.

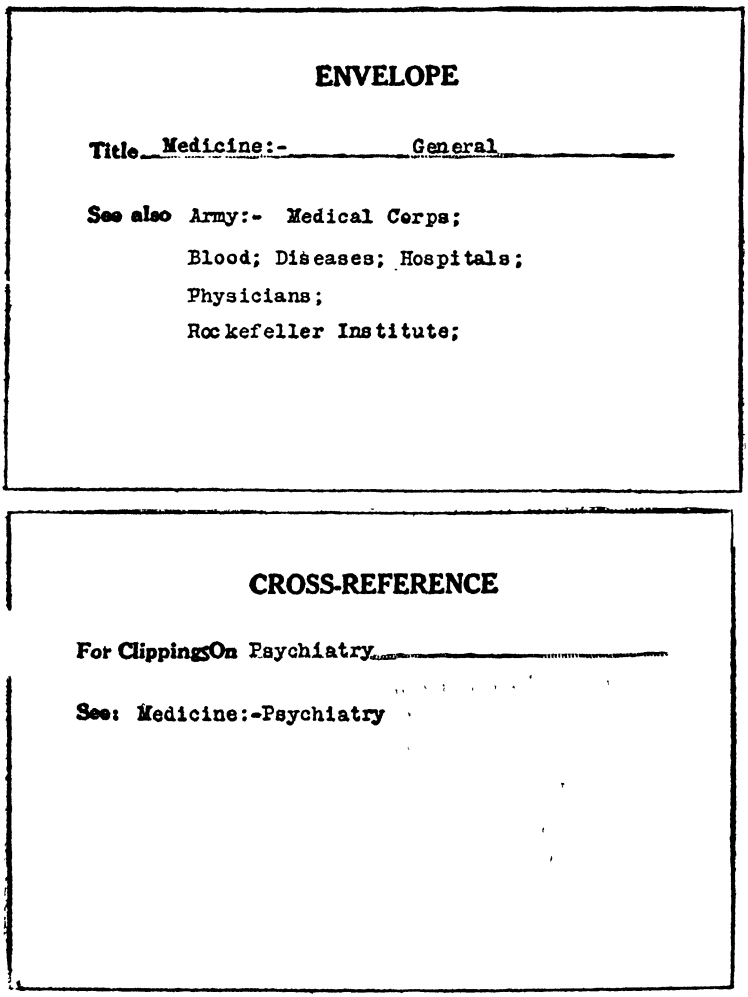


FIG. 46. INDEX AND CROSS-REFERENCE CARDS FILED BY THE NEW YORK "HERALD-TRIBUNE" AS KEYS TO THE SUBJECT FILE

The decimal system of filing has advantages over the alphabetical method. It automatically groups allied subjects together. In the alphabetical system there is often some doubt as to what letter should be given to a subject; under the decimal system, there is but one definite number given to a subject and all

material pertaining to that subject is grouped logically under that number.

If the publisher is thinking of improving his filing system, it will be helpful to him to confer with representatives of any one of a number of companies manufacturing office equipment and supplies.

The large newspaper which maintains an extensive morgue would do well to install the decimal system or a system similar to that used by the New York *Herald-Tribune*. For the small newspaper, the decimal system of classification would not be necessary for reasonable efficiency in operating the clipping files.

The Business Office

In the business office of a newspaper there are in reality several types of offices combined. There must, of course, be the general office, handling the orders and records of newspaper production and sales, and the transactions of the accounting department, as well as supervising the finances of the newspaper.

Because the newspaper is selling classified and display space to the public, the right kind of reception rooms must be provided. The aim should be to make the business office as attractive and as available to the public as possible.

In providing for the office layout the general principles of the best office practice should be followed. It should be determined what departments of the office need to be situated close together. Those which should be adjacent are those whose duties are closely related. If an order comes in for advertising space, the advertising manager would do well to learn the credit rating of the prospective customer or his advertising agency. He should be able, without great effort, to confer either by telephone or personally with the credit department. In accepting orders for local advertising, the publisher knows fairly well the credit of his customers, if the city is comparatively small, but not in case it is larger. Many business enterprises are started without the proper financial backing. What seems to be a good credit risk is in reality not so in many

cases. Unpaid advertising bills lower dividends and increase costs.

The question of credit and collections is discussed in another chapter; it is desired here merely to point out that closely related functions on the newspaper should be as closely associated in office location. The credit department's relation to the advertising department is an example.

When the office is being located, the publisher should make sure that provision is made for future growth and development of the business. While many small dailies may not have great development, on the other hand there are hundreds of dailies, in the rapidly expanding cities, which do need to consider future requirements of growth. In the remodeling of an old building or in the erection of a new structure, there should be proper allowance for rooms, suites, aisles, desks, and equipment.

In planning the building, the publisher should not forget details. If overhead carriers or pneumatic tubes are not to be installed in a small office to-day, it would be well in the construction of a new building, to make allowance for such installation. Larger newspaper offices need such equipment.

For the minor business executives should there be private offices? In some lines of business the private office for every official is passing. As has been noted, many editorial workers, such as the editorial writers, or heads of departments such as sports, society, or the Sunday department, because of the nature of their work, desire private offices, and for these the private office is a good thing.

But in the business office it is not necessary for all office executives to have private offices. Whether there shall be such provision depends upon individual tastes and opinions.

It is quite certain that an assistant advertising manager in charge of solicitors does not need a private office. By being openly associated with his men he is able to go further in establishing the necessary *esprit de corps*. However, there should always be private rooms available for consultation purposes, when occasion demands.

It must be remembered that all business should proceed in as near a straight line as possible. From the time that the mail

is received in the morning until the requests in these communications are handled—orders for advertising space or subscriptions properly recorded and executed, or complaints adjusted, or information given—there should be as little lost motion as possible.

Tracing a Subscription

When a subscription comes to the office, it usually comes by one of three routes: directly over the counter of the office, indirectly through a subscription or other agent, or through the mail. After the order for the subscription is received, the procedure is uniform, although there are variations in any particular office because of the difference in size of publications and because of different types of office organization. For purposes of illustration a mail subscription will be traced through a typical routine.

A letter comes to the office with an order for a subscription together with a check for the amount of the subscription. In the larger offices the letter is opened by the correspondence department, which sorts the mail and sends it to the proper persons. The letter and check then pass to the circulation department, where a clerk makes on a regular form four copies of the subscription order. A second clerk checks the forms and the letter, to be certain that the spelling of the name and address is correct.

One of these forms showing that a certain person ordered and paid in advance for a subscription is retained and filed in the circulation department. The second form goes to the mailing room where an address plate, to be used in an addressing machine for sending out the paper to the subscriber, is made; in case the subscription is not a mail subscription, an address tag or order for such a tag is issued to the city or district circulator, who adds the tag to his route list for the carrier boy.

The third form is sent to the correspondence office so that a letter of acknowledgment can be written and mailed to the subscriber the same day, if the order is received before 10 o'clock in the morning. If the order is received after 10 o'clock

in the morning, the letter of acknowledgment is likely to be mailed the day following receipt of the order. The third form is omitted if the circulation department handles its own routine correspondence. A printed acknowledgment may be made.

The fourth form goes to the cashier's office, together with the check for the amount of the subscription, thus giving a record of the receipt of so much money.

A smaller newspaper office would, if it were organized on the correct business basis, perform these identical functions, although instead of the work being handled by several clerks it would likely be handled by not more than two persons, the person executing the order and the stenographer who would write the letter acknowledging the order to the subscriber.

Tracing an Order for Advertising

If an order for display advertising space is received through the mails from an advertising agency, representing as it does some national advertiser, the procedure varies.

The correspondence office, or mail department, as it is known in most organizations, receives the letter, opens it and directs it to the national advertising department, which in turn makes out several order forms, one for the correspondence office so that a letter of acknowledgment can be mailed at once, a second form for the foreman of the advertising division of the composing room, a third as a record for the advertising department itself, and a fourth for the accounting department, showing that so much business is being done in the name of a particular account. If the advertising department handles its own correspondence, one form can be eliminated.

The form to the foreman of the composing room is in the nature of a production order, especially if the copy comes with special instructions from the advertiser or the advertising agency. In most cases national advertising comes in mat form under separate cover. As soon as it is received, it is forwarded to the superintendent of the composing room who in turn transfers it to the foreman of the advertising division of the composing room.

The form that goes to the foreman of the advertising divi-

sion of the composing room becomes a record advising him of a certain advertisement coming through. He can then expect it and make provision for it on his advertising schedule.

In case the advertisement comes merely in copy form, as it might from a local advertiser, the routine can be essentially the same.

Different individual systems may be worked out eliminating the making of four forms in the case of orders for subscriptions and advertisements. If separate forms are used, they should be on papers of different colors. Fewer forms could be used economically and efficiently, provided there is rapid and accurate communication between the different departments affected.

Equipment

Competition and high production costs demand that the newspaper office, as well as any other business office, be fitted with the best equipment and the most efficient office labor-saving devices on the market. This does not mean that present good equipment need be scrapped for some new office idea. There are two extremes as to office equipment, the one represented by the office burdened with seldom used equipment, and the other, by the office that is poorly equipped to do the work necessary for the production and sale of a dividend-producing newspaper. Some newspapers manage to get along with poor equipment; others are so oversupplied that they really do not save the interest on the money invested. The safe policy is to determine the best equipment for the needs of a paper of particular size and circulation, and then, as necessity demands or the capital account permits, make the necessary installations.

Typewriters

Typewriting equipment is highly necessary for the newspaper, even though some newspaper managers do not seem to regard it so. For the moment consider the typewriters in the editorial department. If they are old, out of alignment, and dirty, the reporters produce dirty copy, difficult for the composing room operators to read. Poor copy means poor linotype composition, unless the linotype operators are above the

average. And poor composition, in turn, means added cost for corrections, thus raising the production costs of the newspaper. It is the problem of the business manager not only to increase business but also to reduce costs. One of the first places to start to reduce costs is in the composing room. If the source of wasteful expense is found to be in the setting of news copy, then the typewriters in the reporters' room likely need inspection and repair.

Good typewriting equipment adds to the effectiveness of the correspondence of the newspaper. Too many times newspapermen have been criticized as poor business men, and this is probably justified in many instances. Correspondence with advertising representatives and advertising agencies is sometimes delayed for weeks. If the publisher has a poor typewriter, this fact may add its small weight to the burden of inefficient business methods. The criticism that publishers are careless about answering letters applies mostly to publishers of small country dailies and weeklies. However, if a daily paper does not have the same enterprise and pride that a bond house has in preparing its correspondence, it cannot expect to create the good will and business that go with methods that advertise the newspaper favorably. Typewriters should be regularly inspected; worn out machines may be traded in on new ones.

Mailing and Addressing Machines

Without mailing and addressing machines, the daily newspaper of 5,000 or more circulation is somewhat behind the times. The addressing machine is highly important to the newspaper office. Stencil cards or type plates are cut and then automatically fed into the machine by which letters, bills, or papers are rapidly addressed.

In contrast to this modern method of running off addresses on out-of-town subscriptions is the old method of using names on printed sheets, which can be cut into strips for use in a mule or stamper.

Under this old method an unfortunate business experience of an Ohio paper has been called to the writer's attention. A woman in Chicago took the old home-town paper, but she

received the copies infrequently. She complained to the paper but continued to suffer the annoyance of missing the paper for two or three days and then perhaps receiving one issue, only to miss another copy the next day. She examined the printed address, and found that 646 Barry Avenue was so mutilated as to appear 616 Barry Avenue. She notified the publisher and for a few days her address was corrected in pencil and she received the paper. Within a week the publisher evidently forgot to continue the corrections; there were a number of printed sheets of addresses ahead, and the result was that the subscriber missed the paper.

The fact in the case was that the newspaper used an old flat bed press to print the address sheets. The type was worn and was easily broken down under the weight of the roller, thus giving evidence that the linotype metal had become so "dead" that it would not cast well.

Whether this woman subscriber ever received her paper regularly is a question. But it is clear that this office was badly in need of a better method of reaching mail subscribers or better supervision of subscription lists.

A number of machines can be included under the head of mailing machines, for instance, the envelope sealer and stamp machine, which seals and stamps letters. Such an appliance is good for a mail order house, daily sending out hundreds and perhaps thousands of letters, but it is not so necessary for the newspaper office. By far the most important piece of equipment in this class is the addressing machine.

There are numerous other office machines which should be in every well-regulated office, for instance, the adding or calculating machine, the cash register, and the bookkeeping machine. To carry on the functions performed by these machines in any other way is almost a step back to the handicraft methods of the Middle Ages. The adding machine is useful in checking and totaling subscription lists, advertising volume as a whole and by classes, and daily and monthly receipts. There are various forms of standard bookkeeping machines, any one of which is good. By their use the bookkeeping of the newspaper can be made more systematic, more thorough, and more easily

handled with less expense. A bookkeeping machine for a paper of even 3,000 circulation would be an asset. The time saved by its use could be utilized profitably for other purposes.

For the cashier, there is no question that the cash register is the only accurate and businesslike way of keeping a record of minor receipts and disbursements. Larger transactions are handled through the regular accounting department and treasurer.

Other Office Utilities

If there are many employes it may be advisable to have a time clock, which the mechanical and business office force punch when reporting or leaving work. The time clock is used successfully in many industries and it may be advisable to make use of it on large publications; but the smaller dailies, where the owners are actively engaged in operating the property, do not need time clocks. A newspaper, perhaps more than any type of organization with the possible exception of an advertising agency or a business periodical, depends for its success upon the personnel of its workers. A newspaper that fails to consider the human element endangers itself.

Most assuredly the editorial workers need not be required to punch a clock, for in the newspaper business, as in any other line of business in which executive ability and special training are necessary, there should be a professional atmosphere that develops the proper ambition and loyalty.

To economize the wastes of the office, a baling machine is an essential for even a comparatively small office, especially if a job printing plant is operated in connection with the newspaper plant. The baling machine compresses the waste paper so that it can be sold, and it means considerable revenue. Such little economic practices help make policies that determine the financial success of the enterprise.

There are many little appliances, especially for desk use, that are needed in the newspaper office. The girl who handles the mail should be provided with an inexpensive letter opener, letter or mail scales for determining the exact amount of postage necessary to send any letter or package, and a small

machine to stamp letters. It is not necessary to have a mechanical letter sealer or stamper, but in its place a small hand machine serves well.

If there is a job shop, it is well to have provision for wrapping packages with the aid of gummed tape, which is a handy means of doing up small packages.

Desks

The question of the right kind of desk for both the editorial and business divisions may well be left to the experience of other business concerns. On this point, there will always be some personal choice, but from the standpoint of efficiency, the flat-top desk is better than the roll-top desk, for in the flat-top desk there are no pigeon holes to fill with notes and letters and other material without classification. It is easy to keep a flat-top desk clear by having all materials filed for instant reference.

Forms

All forms for use in the newspaper office, such as advertising report sheets, circulation records, and bookkeeping material, present a problem. It is easy to install so many forms or such elaborate forms that their use wastes more time than the forms save. To-day business magazines and conventions of newspaper publishers, advertising, and circulation men, are continually bringing forth new methods. Ideas for increasing business or reducing expenses are discussed, as they should be. Sometimes a young circulation manager or advertising solicitor comes home with an idea he wants adopted. The policy of a well-managed newspaper should be to give to each head of a department a certain responsibility and then to hold that department head accountable for results. In general, he should be given as much freedom of action as possible. And, too, he should be encouraged, as should all employes, to advance any suggestions for the good of the organization. In fact, it is well to have a suggestion box and to establish a practice of paying five dollars or more for any valuable suggestion offered which will enhance the business or efficiency of the organization.

There is, however, a danger. There are likely to be so many suggestions and ideas adopted, if some check is not provided, that many forms and ideas will be tried out for a few days or weeks and then forgotten.

The writer has in mind one large publishing organization in the Middle West. This publisher, it is said, has a storeroom full of useless and discarded forms, representing bright ideas of young and ambitious junior executives. Many of them, after the first few weeks, were never used. But when the idea for any one of them was first presented, it seemed a good one.

One mistake is that when a new idea is advanced for handling some office detail, too many copies of forms are printed. It is easy to reason that a large number of forms can be printed less expensively, in proportion, than a small number. But if this policy is adopted before the ideas are carefully analyzed, there is likely to be a supply of useless forms. It is better to test out thoroughly the use of a form to be sure that it is well adapted for the particular newspaper in question. Obviously, a form used on the New York *Sun* might not do for a paper the size of the Wenatchee *World*.

The Employe

In the newspaper business, as in any other enterprise, the manager has one of his biggest problems in selecting the type of employe that will make for the maximum efficiency of the paper. Any new employe, for a period at least, is a liability, for he cannot be familiar with the customs and policies of the paper. The newspaper must undertake to train him. In the case of a linotype operator or a compositor the training period may be very short, for men in these trades find their work much the same wherever they go. But a linotype operator, who, in general, has to follow the instructions of his foreman and the directions on copy, may, if the paper is small, be trained to catch errors that might involve the newspaper in damage suits. At least he can do a great deal to see that the typographical style of the paper is observed. Such service on the part of the linotype operators is particularly valuable when, for one reason or another, the staff in the news room is chang-

ing often, as in the case of many organizations during the period of the World War.

Even a trained reporter is a liability for a period, if he is a new man on the staff. He is unfamiliar with both the organization and the news beats of the city, unless of course, he has merely changed from one paper to another in the same city.

The employe should be regarded as an investment. After he is thoroughly installed in his work, as a new machine is installed and adjusted, he should become an asset to the business. Naturally, this is only one way of regarding an employe and does not at all represent the writer's attitude, for, after all, the employe is in reality a partner or an "interest" holder in the business. If the business does not progress, the employe usually cannot expect to prosper.

The employer invests capital in hiring, training, and supervising employes. If they do not bring a return on the amount thus invested, he is losing money.

Training

To assure the business that each employe will actually become an asset, many organizations institute special training courses. Inasmuch as the newspaper is a business concern, it should not be neglectful of such training.

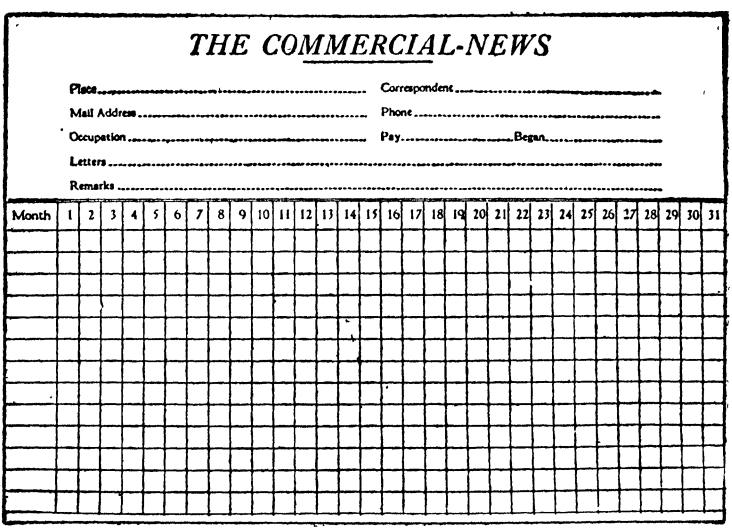
The large newspaper, like the large banking house, may provide special means for employe training, but the small newspaper can hardly afford to do so. The size of the business does not warrant the creation of a special training department; rather the training must be handled by each department head. Even this latter plan calls for investment of capital, time, and effort.

Much depends upon the kind of training to be provided. A linotype operator does not need special training of an apprentice nature, but for a time, he does need supervision in familiarizing himself with the special editorial and typographical policies of the publication.

As a rule, the loss from initial inefficiency can be considerably reduced by providing a manual for the new employe. For office workers on the large newspaper a regular business

manual can be used, covering either some special branch of the work or general office instructions.

The manual for compositors should inform them of the general employment policies of the paper, the names of officials, directions for routine work, as well as for procedure in case of accident, the typographical style of the paper, and other useful information. An office workers' manual is another special type, telling how the office work is organized, who the



THE COMMERCIAL-NEWS

Place ..... Correspondent .....
Mail Address ..... Phone .....
Occupation ..... Pay ..... Began .....
Letters .....
Remarks .....

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

FIG. 47. RECORD OF ACCOUNT WITH COUNTRY CORRESPONDENT

officials are, the methods of handling correspondence, and the like.

Another special type of manual is the style book, which informs the editorial workers about the general business and editorial ideals of the paper, and the many rules and regulations on English usages and typographical style.

The Detroit *News* has an excellent style book of approximately one hundred pages. Reporters and desk men familiarize themselves with its details so that they can do their part in turning cut a uniform, carefully edited newspaper.

Proper instructions to country correspondents mean less time and labor for copy corrections. Liability to error is also re-

duced. The following instructions are used for country correspondence by the Danville (Illinois) *Commercial-News*.

1. Write your copy plainly and only on one side of the paper.
2. Leave plenty of margin at the top of the sheet for guidelines for printers.
3. Do not attempt to write headlines. The country editor sizes up the importance of the news and bases the size of the head on timeliness together with other correspondents' copy.
4. Tell all the story in the first paragraph, making each subsequent paragraph an amplification of details.
5. All numbers over ten (10) should be in figures, under ten (10) written out.
6. Get as many names in your copy as possible. Most people like to see their names in the paper. And these people read our paper!
7. Never use the abbreviation & for and.
8. Never abbreviate the day of the week, as Tues. for Tuesday.
9. Never write "Mrs. Smith visited Mrs. Jones on Friday." The "on" is superfluous.
10. Write your items twice a week, on the same days. This aids the editor to determine the size of the paper and to hold space for a certain correspondent's copy.
11. Always give the initials of ministers. Say "Rev. James J. Horton, pastor of the United Brethren church preached Sunday." Never—"Rev. Horton preached Sunday."
12. Make your items as short as possible consistent with telling the facts.
13. Always give initials and names if possible. Never guess at initials.
14. Verify all stories. Inaccurate statements can only result in readers questioning the veracity of the correspondent.
15. A newspaper correspondent should never take sides with any faction. Make a simple, plain statement of facts. Any comment may be made in the "Voice of the People" column, or in the editorials.
16. Never mention the name of an automobile, unless in so doing you are helping to recover a stolen car.

Suggestions

Every death should be telephoned in to The Commercial-News just as quickly as the correspondent learns of it. Do not wait until funeral arrangements are made to phone, but give an obituary if possible. A death notice should contain the following:

Time and date of death.
Cause of death.

Was the deceased ever a public official? What office? How long? To what fraternal orders and churches did the deceased belong?
What minister will preach the funeral?
Where will interment be?
Who survive? Give addresses of distant relatives.
How old was the deceased, where born, when married, to whom? How many children?
How long did the deceased live in that vicinity? Where had he come from, when?
This and any more interesting items and sidelights you may give will help materially.

Automobile accidents in which anyone is hurt should be telephoned, collect, to The Commercial-News, as should a bad smash-up or a miraculous escape.
Extensive damage by storm should be reported to The Commercial-News, by telephone.
All big fires, destroying homes or barns, or where live stock is killed should be reported to The Commercial-News by telephone.
Any unusual incident that has a newsy angle should be reported immediately.
Get pictures of people in your vicinity who are celebrating their 25th or 50th wedding anniversaries. The photograph should be accompanied with a record of the family, number of children, etc.
Remember that you are the mirror, reflecting the news of your community.
The more you write, the larger will be your correspondence check.

The general manual which might be used in the general offices of a large business such as a steel company, a packing house, or a mail order house, might also be used on the large metropolitan newspaper. Such a general newspaper manual might cover the general policies of the paper and the details of the several departments; however, the newspaper style sheet would usually be issued separately, because it usually has detailed information not necessary for the office workers outside the editorial division.

Obviously, the small newspaper cannot afford to have an office manual. On the other hand, even the small daily would do well to have a well defined style sheet. The editor of a small daily may obtain copies of style books from the larger newspapers or from some of the universities that maintain schools of journalism. In some cases enough of these style

sheets might be obtained for all members of the staff; however, it would be better to reprint a style sheet, with the proper acknowledgments, as the adopted style sheet of the particular newspaper.

The office manual and style sheet can do much to assist executive control over newspaper employes.

The second kind of training is that which serves to improve the employe in his work. For example, staff meetings may be held in the various departments, from time to time, that the employe may keep in close touch with his fellow workers and with the executives.

Some newspapers located in the larger cities make arrangements with universities in the same city so that employes may take advantage of special extension courses offered. In Northwestern University there is a plan whereby an employer can aid a student by assuming a portion of his tuition, if the quality of the student's work warrants such an expenditure. Such a plan suggests the third kind of training, or that which tends to hasten employe promotion.

The question arises, how should provision be made for the employe to take such work? Obviously, it is to the advantage of both parties to have a better educated employe. But how much of this education should be financed by the employer?

To prepare a new employe for his position or to improve the work of an established employe, it is decidedly to the financial advantage of the employer to allow training on company time and to underwrite the expense. This particular educational work may become a part of the regular business of the newspaper. But with the third kind of training—that which makes promotion easier—the responsibility does not lie with the employer. It is to the interest of the employer to see that his employes have the right incentive or urge to advance. Holding out the possibilities of advancement, the employer is capitalizing a natural ambition of the better class of employes. But the newspaper owner cannot, as a general practice, finance the education of employes for advancement. That is the employe's own problem.

Personnel Department

The large newspaper, like other large business organizations, needs a personnel department, where the hiring and discharging of employes can be centralized. Because of the peculiarity of the newspaper business, it may be necessary to use the personnel division for general office and mechanical employes and leave the hiring of advertising and editorial men to their respective departments. In all events, executives do not come within the range of the usual functions of the personnel division. If the number of employes on a publication runs above one hundred, it would be well to have at least a personnel clerk, trained in the keeping of records. If there are considerably more than a hundred employes a personnel manager or an assistant manager who has had some personnel experience, is advantageous.

On most newspapers with fifty or more employes and under one hundred and fifty, an assistant manager with some personnel experience makes an efficient solution of the personnel administration problem.

By centralizing the personnel work of the paper, more uniform and therefore better controlled employment policies will be obtained.

Analysis of Work

Through the personnel division, or through an assistant manager who cares for personnel details, work analysis is possible. The purpose of such an analysis is to determine the various characters of specific kinds of work, their respective standards, conditions and values.

In the light of higher costs, it is important that the newspaper manager analyze the amount and character of all phases of work in the newspaper office and plant. By so doing he can arrive at standards which will aid him in determining rates of pay per hour, number of men necessary for operation of a given unit of the plant, the kind of employes necessary, and the standard time necessary for each operation.

Too often the newspaper manager, unless he has studied modern methods of efficiency, does not realize the possibilities in the way of shop economies. A plant may seemingly be mak-

ing money, but let a business depression occur, what happens? The usual profits are not realized and the newspaper manager worries over the situation.

Then he thinks of curtailing expenditures, of cutting every possible cost. But it is not possible for him to eliminate expense that is actually necessary to bring back lost business. The only safe course is to know in advance.

In the first place, does he know definitely what is a fair daily capacity of production for each man in the shop? Does he know what each machine will do? Naturally, if he has a job printing department, he can more readily seek extra business or business at cost in order to maintain his labor force and to aid in carrying the general overhead expense.

But even in the newspaper plant, printing a daily newspaper to the exclusion of all other printing products, the publisher can usually find ways and means of cutting costs.

Take one example. Is it known in each particular plant how much paper is wasted daily? If the daily is printed from newsprint rolls, does he know how much paper from each roll is wasted from soilage in getting a new roll on the press? If the workmen are not checked and if a comparatively large daily is printed, wastage from this source may be excessively large. Sometimes too much paper is left on the core when a change of rolls is made.

Over the period of a year a large amount of paper may be saved by careful supervision. Suppose that this one saving is only $300 or $400. It is just that much added to the financial resources of the paper. And of more importance is the fact that the saving attitude is taken, making possible other economies. But in making studies of this nature, it is important that the newspaper manager make only such economies as will not detract from the effectiveness of the paper as a news and advertising medium, and make only such curtailments of expenditures as will not hamper constant and necessary promotion.

Through a survey of the plant and its efficiency the manager is able to study standards of wages and production. It is just as vital for the newspaper manager to know these facts as it is for the manager of a steel plant. Of course, a steel plant

has more employes and the saving through efficiency methods would, in the aggregate, amount to more than is possible in even the largest newspaper plant. Nevertheless, the manager of to-day who is constantly seeking to cut costs and to increase volume of business, will not neglect to check carefully the production methods in his plant and office.

And one of the first steps necessary in making such a survey is to have a report covering job analyses in both office and plant. The printing industry is standardized, but there are always possibilities of checking wastes made through careless habits of workmen and of making such changes in plant layout that the course of work through the plant may be greatly expedited.

Cost accounting, as applied to the newspaper, is discussed in the chapter on Cost Accounting, while questions of plant layout are considered in the chapter on Plant Management.

Sources of Labor

Because of the wide interest in newspaper work, the newspaper manager usually has on hand many applications for positions in the advertising and editorial departments, especially on the larger dailies. There is always, however, a difficulty in being able to obtain thoroughly efficient employes, particularly in the smaller cities.

One of the best means of obtaining employes is through friends of present employes, who, if they take a genuine interest in the business welfare and success of the newspaper, will be glad to assist in filling vacancies. This usually holds for all departments on the newspaper. Even so, it is necessary for the newspaper manager through the personnel assistant to have applications in his files.

Sometimes it is necessary to make special efforts to obtain employes. Some papers place classified advertising in other newspapers and in business papers. But to-day there is an unusually good source in the schools of journalism which are now beginning to train junior executives for the business side of the newspaper business, as they have been training workers for the editorial side.

Usually, if the newspaper manager takes up his needs with

the dean or director of one or more schools or departments of journalism, he can readily obtain ambitious workers, who have not only the fundamental knowledge of the various functions performed in a newspaper office and plant but also high ideals of journalism.

The newspaper manager may also have recourse to various types of employment agencies, some of which are operated for profit. Others are conducted on a coöperative basis; for example, Sigma Delta Chi, professional journalistic fraternity, and Theta Sigma Phi sorority, a professional organization of college women, both have an employment service.

References

It is customary for all applicants to give references both as to character and ability. These may be obtained from institutions of learning which the applicant attended, as well as from former employers. In order to have a complete uniform record, it is well for the manager, especially of the larger publications, to give considerable thought to his application form. He needs to think out in advance what the respective needs of his departments are and proceed to obtain that information on the initial blank. Of course, with different departments, different forms might be used.

An example of a good application form is as follows:

APPLICATION FORM

Confidential

Date .....

Name in full.....*Phone* .....

Address .....*Last salary*.....

Position desired .....*Salary requested*.....

Birthplace .....*Date*.....

Married? .....*How long?*.....*Number of children*.....

Father's name.....*Nationality* .....

Mother's name.....*Nationality* .....

Outline briefly your education, giving dates, length of time in each school, and whether or not you were graduated.

.....

.....

.....

.....

.....

In school what work did you like best?.....What the least?.....

Do you plan in any way to continue your education?.....

Previous Employment

Employer	Address	Business	Position	How long held	Salary	Why do you desire change?

General Information

Do you have friends or relatives in this organization?.....Who?.....
Who recommended you to us?.....
If you could apply for any position you desired, what would it be?.....
Are you a member of any social, athletic or religious organizations?....
What are they?.....
What is your hobby?.....
Is anyone dependent on you for support?.....Who?.....
Do you have a savings account?.....What bank?.....
Are you making proper provision for life insurance protection?.....

Scientific Selection

More and more, industrial concerns are making an effort to select employes on well-recognized scientific principles. In the past, too much of the employe relationship was dependent upon the fragile structure of guess and politics; to-day the effort of employers is being directed toward more clearly defined channels of selection. The newspaper should be no exception to this tendency.

The newspaper manager faces another tendency in solving his employment problem. To-day the trend in industrial relations is emphasizing more clearly that the industry must reckon on a duty to an employe outside of his regular hours of labor. This does not at all mean that the employer should function paternally toward his employes, but rather that if an employe gives the best of his life to an industry, that industry clearly obligates itself to certain social as well as industrial considerations. For one thing, society recognizes that there should be a retirement pension for long and faithful service. This idea

has already been accepted by educational institutions, the railroads, and certain of the largest industrial corporations.

In light of this tendency to assume social obligations, the newspaper manager ought to be especially careful about the kind of men and women he takes into the organization. For one thing, there is the question of physical examination. If the employer does not believe in a physical examination he is closing his eyes to the average number of days lost each year because of illness of employes. A recent investigation shows that absence from work averages approximately two weeks per year per person.

The employe may object to the physical examination, and in many plants at the present time it may be inadvisable to require an examination, especially for the older employes. It may be far better to leave the question of a physical examination out of consideration until industry as a whole accepts such a requirement as an essential preliminary to employment.

One way to adopt the physical examination requirement, however, is to provide insurance for employes meeting certain conditions, such as length of employment and the ability to pass a physical test, such as is usually prescribed for old line insurance. Usually an examination is not necessary if the newspaper adopts group insurance for its employes.

Naturally the whole scheme of employment tests is a debatable one, still in the formative stage, and it is not essential that the newspaper manager adopt these tests. He has some effective substitutes; for example, his composing room force usually are members of the union. They could not carry union cards unless they possessed some ability, which can always be checked in the actual performance of their labor.

In the editorial and business offices, ability to produce results is a constant test. Yet business is gradually becoming more and more professionalized and some tests even for editorial and counting-room men may later become the rule rather than the exception.

In both the editorial and business sides applicants usually come from institutions of learning or from other publications. If the applicants have made a good record in their past perform-

ances, the newspaper manager, if he knows the reasons for the applicant's desire to join his organization, can determine the applicant's qualifications.

The time may come when the various tests known to the business psychologist or personnel administrator may become part of the necessary routine of the personnel division of the newspaper. For this reason it may be well to give brief attention to the various types of tests.

First, there is the intelligence test designed to evaluate the individual's perception, memory, will, and understanding. Such a test serves to show the grade of one's purely mental abilities compared with those of other people. One difficulty in such a test is that the person taking the test may become confused, thereby making a lower rating than would otherwise be the case. The reason for this difficulty is that the test has not taken into consideration the emotional factor. The intelligence test as used in the army during the World War proved valuable.

The vocational test serves to show indications of one's aptitude for a particular calling. Used in connection with personnel service or vocational guidance bureaus, in institutions of learning and the public schools, this test is extremely useful.

For practical business purposes the third type of psychological test may be effective. For example, a man says that he is a reporter. From outward appearances he may be a reporter, but the executive editor may not *know* that he is a reporter. A journalist's test was devised some time ago by a prominent psychologist and was tried out in several schools of journalism. So far this professional test has not been accepted by the newspapers, but the fact that the schools are considering such tests, because of their desire to fit for the profession only those properly qualified for such training, is significant of present tendencies. For practical purposes these tests may more properly be made by institutions of learning than by the newspapers themselves. In fact, if universities give these tests for judging whether an applicant is a journalist or whether he has qualities that would make him a newspaper worker, the newspaper manager may accept these tests without taking upon his

shoulders the burden of giving them. The test referred to as being devised by a prominent psychologist may be classed as a vocational test, designed to determine whether students taking journalism are qualified to continue in their course; on the other hand, it may be regarded as a professional test such as the state bar or state medical examiners give to candidates seeking professional recognition.

Taking an Interest in Employes

Unless the modern employer takes an interest in his workers he is apt to lose their loyal regard. They tend to feel that they have only a job unless the employer makes possible a kind of partnership relation. If employes have been properly selected and trained, the newspaper possesses a valuable asset, but as in every other case an asset is without value unless it can be put to valuable use. Some employes do their work under instructions only; they do not make the business their own.

If an employer takes a personal interest in the men and women working for him, he is certain to enhance the value of the asset which he has in those under his direction. An employe who is not an asset should be dismissed. But through personal interest and stimulation, the employer can capitalize the enthusiasm of the employe so that the organization obtains a watchfulness, alertness, and display of energy not otherwise possible.

How may this personal interest be shown? In the first place, the newspaper manager who is most successful is one who at all times is willing to talk to his employes, newsboys, or junior executives. His office is open at all times to men or women seeking an interview on either personal or company business.

Another method of stimulating the employe is to let him know that the management is taking an interest in him and that his suggestions as to improvements and economies are heartily welcome.

Through the employes' house organ, a great deal of interest can be aroused in the organization so that the individual's desire to feel that he "belongs" to something may be realized.

The feeling of unity is necessary in management if the busi-

ness is to develop within itself morale, so essential to the conduct of modern enterprise. For this purpose no house organ can serve alone; yet it can be of material assistance in bringing the employer and the employe closer together.

In the first place, the house organ fosters acquaintance. It brings the men into the realization that they are really members of one family working for a common purpose. Often the compositor or linotype operator would like to know who marks the copy for him to set. In some shops acute differences occur between the linotype operators and the desk men in the editorial department. Through the house organ, the mechanism of copy in transmission from thoughts to printed pages may be considerably humanized. The men in the various departments may become known to each other by both name and personality, even though not in actual speaking acquaintance. By means of the personal item and the photograph the workers in various departments come to see that every one in the organization is but a human being, with largely the same problems and perplexities.

By developing acquaintance preparation is made for a spirit of coöperation, which can then actually be kindled through direct and indirect means. Direct means may be defined as coöperation in the business of publishing a newspaper; indirect means refer to the extra-hour organizations such as athletic teams.

With acquaintance and coöperation the question of unity and morale is comparatively a simple one, especially when a fifth purpose is realized for the house organ. This purpose is education. If the house organ engenders the thought in the minds of all, that the organization wants better men and women and moreover is willing to help them to be better men and women, the entire staff of employes will better appreciate their opportunities.

The house organ presents certain problems; for instance, who pays the expense of the paper? Inasmuch as it is part of the company's plan of developing better employes, the company usually bears the expense; however, paying for the house organ and setting a broad policy should be the only actual

control exercised by the management, for otherwise the employe's paper is not likely to achieve its purpose.

In case the house organ is published by an employe's association, the expense may be borne by the workers themselves, in which event the management may sometime during the history of the paper meet a deficit.

Too often employes do not realize the expense incident to publishing a house organ. If left entirely in their own hands, it may become only in part effective because of the necessity to hold down expenses. Again, if the employes get the paper out themselves, they will take too much time from their regular labors. If, on the other hand, the company employs a house-organ editor, who may also serve other functions in the newspaper organization, the employes may become staff members of the house-organ's editorial board.

In planning for a house organ some precautions are necessary. The house organ designed for employes follows several very definite rules. It should be the aim of the house-organ editor, as well as the newspaper management, to make the house organ newsy, by the use of both human interest pictures and stories of the men and women in their home life, in their pastimes, and in their work. Little stories of individuals, particularly of family happenings, such as marriages, births, and deaths, are essential.

Care has to be taken to leave out cheap humor or other offensive material. Material outside the plant or outside the lives of the individual workers, except for a few well chosen quotations, either prose or verse, should be left out of consideration.

In adopting a house organ for employes the management usually considers several factors, such as benefit, cost of production, and the attention on the part of the management necessary to its functioning and control. While the house organ, to be successful, must not represent a narrow management point of view, it is important that the newspaper manager know that the house organ is playing its part in stimulating efficiency and that it is not breeding discord among the employes in either plant or office.

The size of the newspaper, of course, is the determining factor in the question of whether a house organ should be established. Obviously a newspaper with a daily circulation under 25,000 would have little license to establish an employes' magazine, unless it were one designed as an aid in direct selling, as for example, a publication intended for carrier boys, district circulators, solicitors, and news dealers in their work of promoting circulation and increasing efficiency.

If the house organ is used as a means of building *esprit de corps,* the manager has the problem of deciding as to what plan shall be used in editing the paper. In some organizations the promotion department can take care of the house organ; in others, the advertising department, although the work of gathering and editing the information calls for the kind of ability usually found in the editorial department of the newspaper.

From the standpoint of the proper understanding of the psychological and sociological problems of house-organ editing, as applied to employes' magazines, it may safely be said that the personnel department of the newspaper qualifies perhaps better than any other for the editing and production of the house organ. If the personnel department has the confidence of the employes, it is perhaps closer to them than any other department, except the department in which the individual is employed. The personnel department knows the plant as a whole and the workers individually.

Experience shows that if the newspaper has a functional promotion department it can edit such a publication to advantage.

Pensions

If an employe has been a member of the newspaper force for twenty-five years, there is no doubt that the newspaper owes the individual assurance of provision for old age. In light of the practice of other industrial concerns, it seems that the newspaper is losing an opportunity if it does not provide for old-age pensions. In handling the pension problem, there arises the question of justice and administration. The trend in American business is to accept the pension as one of the costs of produc-

tion; and the newspaper, if it is to live up to its position in leadership, has to accept the pension idea.

In actual practice—on account of the continual shifting of employes from newspaper or printing plant to other similar plants—the number of pensions allowed or carried will be relatively small. It is a comparatively easy problem to figure out the cost of such a pension system. First, the total number of employes must be determined, allowing provision for expansion on the basis of average expansion for papers of the same size over a period of perhaps ten years. Next the American mortality rate is to be considered, to determine how long an individual of certain age is expected to live. By way of explanation, it may be noted that the insurance companies use the American mortality rate in computing their risks and hence their rates.

If at one time a newspaper employs on its actual productive pay-roll fifty individuals of an average age of thirty-three; and if the average term of service of the employes to date is eight years, the computation of the average pension cost can be made. Subtract eight from twenty-five (the number of years of employment required for a pension); add to this remainder the average age of present employes or thirty-three, making a total of fifty years, or the age at which the pension would begin; then the difference between fifty years, the average age at which the pension would begin, subtracted from the average mortality age, as given in the mortality table, will give the average number of years the pension would have to be carried. If this last figure were multiplied by the number representing the number of employes and the resulting figure by the amount of the average individual yearly pension, the total amount of the pension fund to take care of present employes is determined. This figure divided by the number of years that would elapse from the present date to the date the last pension would be paid, will give the yearly cost of the pension to be added to the labor cost of production.

This figuring is based on the supposition that no pensions are being carried at the present time. Naturally, there might be other ways of determining the pension; for example, the

publisher could go to a consulting insurance actuary or perhaps to some industrial engineer who would give him a well worked out plan with the proper forms and records. In this study it is not the purpose of the writer to discuss at length the mathematics of the pension system, but merely to suggest one means of determining approximately the cost and of bringing to the mind of the prospective publisher or present publisher the necessity of the pension system if the newspaper industry is to meet its social obligations, as other industries are now doing. It is desired to point out the necessity of figuring the pension as a production cost chargeable to the labor account.

The pension system suggests naturally the whole question of welfare work among newspaper employes. Welfare work embraces two general types, one for the full-time employe based on both present and future welfare considerations, and the other a temporary form of welfare work, designed for such individuals as the newspaper carrier or newsboy. Naturally, the welfare work for the newsboy will have to be carried continuously, but the obligation on the part of the publisher to any one particular individual will cease when that individual's service with the newspaper stops. This second type of welfare should be figured on, and properly provided for, on a separate basis and, therefore, it will be considered apart from the general treatment of welfare.

There are three general forms of welfare work. The first considers the physical welfare of the employe during the hours of his employment. In addition to questions of ventilation, temperature, fire prevention, and personal safety programs, this division of welfare work includes the provision of accessory utilities for the comfort of the employe, such as lunchrooms, restrooms, and medical service.

To bring the employe into happy social contact with his associates, the second form of welfare work is of importance. Its purpose is to give the employe social and intellectual stimulation, including the organization of clubs for both social and educational purposes, the equipment of a library, and a lecture and concert program.

The third form of welfare activities embraces those phases

of employer-employe relationship in which opportunity is given the employe to help himself. Its purpose is that the employe may benefit financially through such plans as those of thrift, pensions, home building, and insurance.

Numerous articles and personnel books give complete descriptions of the plan and operation of these different forms of welfare. In the chapter on Newspaper Organization are discussed plans for building organization morale by creating within the employe's mind the thought that the newspaper is taking him into a virtual partnership and that it is giving him the same consideration as it would its executives.

No newspaper manager to-day should be so shortsighted as to fail to consider the fundamental forms of welfare included in the first two groups of welfare work.

Newsboy Welfare

The newspaper exists for profit, but profit in the form of satisfaction in giving genuine service to the community, as well as profit in financial returns. To market a newspaper of large circulation, a large number of little merchants or newsboys must be employed. If these energetic boys are aided and encouraged they will become an inestimable asset to the paper. In one light this is good business and in another it is good social service. Perhaps no newspaper has gone further in this form of welfare work than the Grand Rapids *Press*.

Plan of the Grand Rapids "Press"

Early in the last decade of the nineteenth century, the publishers of the Grand Rapids *Press* conceived the idea that the newsboy could be made one of the valuable assets of the paper. Accordingly, special attention was given to interests that would affect the social, physical, and moral welfare of its newsboys. Since that time these efforts have been broadened and the equipment for handling the work has been enlarged and improved.

In 1922 the *Press* had about 1,200 newspaper sellers on its list, with the average age about twelve and one-half years.

More than 90 per cent of these boys were carriers and most of them had small routes near their own homes.

In a city the size of Grand Rapids, street sales are only a small part of the business. This fact makes it possible for the managers of this newspaper to carry out their idea that the boys should be off the streets and back in their homes at supper time. This position is taken because the constant aim of the publishers is to have the work done by the newsboy contribute to his well-being. The late Edmund W. Booth, editor and manager, objected to having the boys sell papers at night, or, for that matter, to allowing any of the newspaper's duties to become onerous.

For the boys who handle the noon and extra editions, a special day school is provided, which works hand in hand with the public school system of Grand Rapids. The paper employs its own superintendent and teacher. The school is ungraded. By a process of careful selection the *Press* aims to maintain this school each year for the benefit of boys whose families need the money that they earn and who will appreciate and profit most by this special course of instruction.

In the basement of the *Press* building there are baths and a swimming pool, while on the top floor there is a newsboys' hall, seating close to 1,000 persons. Here during the fall and winter are held the "Happy Hour" meetings on Sunday afternoon. The program consists of patriotic features and short talks by leading citizens aimed to give inspiration for character building, success in life, and good citizenship. There is usually a general program of music and recitations, with the boys themselves taking part. The hour closes with motion pictures of an educational character. Crowded houses are the rule. Different executives of the organization take charge of these gatherings. In addition to these "Happy Hour" assemblies, various entertainments and picnics are given for the boys during the summer months.

One of the most interesting features of this newsboy educational plan is the newsboys' band, which has a special room for practice once a week in the *Press* building. The expense for instruction and uniforms is paid by the newspaper.

The success of this band is shown by the fact that the organization at one time had approximately seventy boys.

Papers in smaller cities ought not to attempt to introduce welfare work into their organizations, at least not on as extensive a scale as some newspapers do; however, even a daily in a small city of 10,000 may adopt some form of newsboy welfare and coöperation work that will pay large dividends in terms of satisfaction and good will. If the paper has twenty-five carriers in the city, the problem of providing some special recreation is not difficult. Usually the winter theater party and the summer picnic form the basis of this work. There is a higher motive involved than just to show the boys a good time: they can be taught that they are young business men and that they will be rewarded as they fulfill their rightful obligations.

If there are enough boys a band may be organized. Other means of interesting the boys, especially by offering prizes, are discussed in the chapter on Circulation Policy and Promotion.

Administration

Naturally, the administration of a newspaper involves all the principles of good management. The executive has the problem of dividing and laying out the work, of sharing and limiting responsibility, and of supervising the methods and the results of operations in both office and shop. He should be acquainted with the problems of the business so that he can lend valuable assistance in the business success of the organization.

In watching the organization from day to day, the executive in charge of the publication needs to watch certain barometers which include the production barometer, the sales barometer, the accounting barometer, and lastly, the financial barometer.

Is production proceeding on an even keel without waste or rising costs?

Are sales increasing or decreasing and why?

Is a proper record being made daily so that the accounting and statistical reports reflect the true condition of the business?

Is the bank balance, the cash on deposit, in sufficient ratio

to the daily and weekly demands? If the cash balance is low, is there the proper basis for bank credit? And is there certain provision for the liquidation of such credit? Are collections being made promptly? Are the bills payable being met so as to receive the first profit, the usual discount allowed for the prompt settlement of bills?

The foregoing are the questions that confront the administrator of a newspaper business, as they confront every other executive at the helm of a business organization. There are many related problems, such as labor and welfare, but without the right solution of the financial problems there will not be even an opportunity for the building of an organization or the assumption of an attitude of social responsibility toward employes. The financial is the central barometer.

The Office Manager

On the daily of fair size there should be an office manager, who may carry the title of business manager. On the larger daily the office manager will be under the business or general manager.

The duty of the office manager is to see that the general work of the business office is carried through on schedule and without friction. The receipt and handling of mail, the control of the stenographic department, the supervision of office workers, except executives, the direction of the system of office communication, the handling of requisitions for general supplies for either office or plant, with the possible exception of mechanical supplies, and the purchasing of all supplies—all these duties lie within the scope of the office manager.

The office manager sees that the work of the establishment is properly scheduled and that reports are made out and used in such a way as not only to check results but also to indicate tendencies that may affect future business policies.

On the newspaper of large circulation the office manager does not control policies as to production of papers, circulation policies, or methods of editorial procedure. He is to see that the routine of the business office functions well in its service to the main divisions of the newspaper.

The auditor and controller, who may hold official positions on the newspaper as a corporation, are not under the office manager directly; they usually maintain separately the accounting and financial phases of the business.

Where executives of special departments have clerks—as for example, the managing editor may have a private secretary—there may be some difficulty if regulations are not the same for the stenographers in the private offices and for those in the general office department.

Control

The art of management depends upon personality; however, there are definite considerations that apply equally in most organizations. Every business man knows that laxity breaks down an organization. To have an office and plant operated on a successful basis, it is necessary for the workers to produce profitable results. They cannot waste their time; they cannot be absent or tardy. Naturally, there will be instances of absence and tardiness, but it is within the province of the manager of the publication to reduce these factors of interruption as far as possible. Intelligent study of the situation will usually find suitable methods for improvement.

CHAPTER X

BUSINESS CORRESPONDENCE

The Editor and His Letters

The picture of the old-time printer-editor is too well known to require here a description of his lax business methods. His editorial ethics were high but his bank account was likely to be overdrawn.

It is not within the province of the writer to criticize the ideals of the men who have stood the brunt of so many editorial battles. Their ideals were high and have formed a bulwark to protect the best in the political and social life of our country.

The regret is that some of these old-time editors could not have been better business men so that their newspapers could have had even a stronger influence in their communities. If any one indictment can be directed against the editor of the yesterdays, it is that he did not recognize the first principle of modern business: the need for keeping open his lines of communication with the concerns placing or wishing to place business with his publication.

Even to-day it is the complaint of advertising men that frequently editors of small-town papers, who also carry the burden of management, fail to answer correspondence even after repeated attempts to impress upon them the necessity for so doing.

Failure to reply to correspondence has had two direct effects upon the editor's newspaper: he has lost potential business and he has lowered his credit rating. The potential business never materialized because the editor did not show sufficient interest in inquiries and requests for information about his advertising service to warrant the placement of copy in his publication. And failure to reply generally to correspondence promptly caused progressive paper houses, supply houses, and advertising services to frown upon the extension of credit to country

printers. Even to-day there are newspapers that lack the proper foresight and management to justify credit recognition.

It is true that in the early sixties, seventies, and eighties—the period of foundation for the small daily newspaper over the United States—business methods, as we know them to-day, were not generally practiced; but the methods of the country daily and weekly were especially bad.

Whether a newspaper handles its correspondence promptly is a fairly good barometer of the business condition of that particular newspaper. If the young editor to-day thinks for a moment that he can write editorials and let the business details take care of themselves, he is mistaken. To-day the banks, the advertising agencies, the special newspaper representatives, and the supply houses are all demanding better service from the newspapers with which they are doing business. The newspaper must measure up to the requirements in other lines of business.

There was the editor-manager who never filed his correspondence. His desk was a litter of scraps, exchanges, scribbled notes, and unanswered letters. If he wanted to find a particular letter, he knew "that it was somewhere around here yesterday," and proceeded to waste valuable time in digging through piles of old newspapers and soiled correspondence. Such methods do not suggest financial success.

For just such reasons as those cited in the foregoing paragraphs, this chapter is devoted to a study of business correspondence as applied to the newspaper. For a fuller and more detailed study of the general principles of business communication there are numerous excellent textbooks. It is the purpose of this chapter to discuss the principles of correspondence as they apply to newspaper promotion, the fostering of good will, and the building up of more paid-in-advance subscriptions, as well as to the increase of advertising lineage.

As in every other enterprise, correspondence plays a large part in the daily routine of business in a newspaper office. If the newspaper organization is to obtain the volume of business that it wants, it must improve the effectiveness of its communications to those with whom it is doing business, for, as

some writer has aptly said, letters are the ambassadors of business. If a particular newspaper is already spending time and effort in producing result-getting correspondence, nevertheless effort needs to be made toward strengthening the quality of out-going first class mail and form letters. Time changes conditions so that a good letter to-day may be a poor letter to-morrow.

Popular interest changes. Because of its position of leadership, the newspaper organization, more than other business concerns, needs to vary its appeals as popular taste varies. For example, the radio came into popularity very quickly, and some newspapers were alert in using this invention in business promotion. Some newspapers established radio broadcasting stations and then proceeded to tell about this feature of their service through their pages and their correspondence.

The manager needs to back up the policies of his newspaper, even in his correspondence.

Principles of Selling

Each letter that goes out from the newspaper office should have for its purpose the creation of good will, which can only be the resultant of effort, carefully directed and adroitly applied.

What does the newspaper have to sell? Its chief products are subscriptions and advertising space. These it is attempting to market to the public generally or to a certain class.

All selling is based on the creation of desire. A good letter with sales intent can be built around four fundamental ideas:

1. Attention
2. Interest
3. Desire
4. Action

These four points should be considered and applied with reference to either the subscriber or the advertiser.

Writing to the Subscriber

The newspaper has occasion to write to the prospective subscriber or the actual subscriber, in order to obtain his subscrip-

tion or to hold his subscription which is about to mature. The newspaper is the commodity for sale—its news, views, and entertainment. In a letter to a subscriber, some newspaper feature can be made the point of contact or beginning of the letter. The contact may be personal or impersonal; however, the subscription letter should be conversational and natural. If the subscribers are fairly regular, over a period of years, the effort to renew subscriptions is comparatively easy. It is only necessary to resell the paper; indeed, it may be necessary only to call to the subscriber's attention the fact that his subscription is about to expire.

One circulation man of wide experience relates how he writes subscription letters. He realizes it is easy to become stilted in business correspondence and to make each letter a stereotyped repetition of old ideas. To get away from this danger, this circulator sits down at his flat-top desk and imagines that the subscriber is just across from him. He begins to talk to his imaginary subscriber in the way he would talk if the subscriber were actually there. A stenographer takes down the conversation.

When the circulator receives a typewritten report of his one-sided conversation, he revises his material into what he believes to be good letter form. This method he has found excellent as a means of avoiding the stereotyped form of promotion letters.

Writing to the Advertiser

In writing to the advertiser and the prospective advertiser, the dominant thought of the letter is that, through the use of space in the publication, good will, direct sales, or both, can be created. In the same fashion as in the case of the circulation promotion letter, the letter should be framed according to the principle of rousing desire and action by creating attention and interest. There is no magic formula by which to accomplish this purpose. Showing results of other advertising and proving that the paper's circulation is among a class of citizens who have the ability to buy, are the foundation of the argument.

Three Fundamental Principles

Some business men may think that the actual writing of the letter is the principal problem in business correspondence. Such is not the case, however. Two other factors—as in the writing of a good news story—are involved.

It is necessary, first, to see the situation clearly so that the right approach may be chosen. If a subscriber has not received his paper regularly and has made frequent complaints, it is necessary for the circulation manager to imagine the subscriber's situation sympathetically rather than merely to feel that here is just another vexing problem to be ironed out. By visualizing the subscriber, a point of contact can be established between his situation and the situation the circulation man faces of solving the difficulty satisfactorily.

The second principle is "get the facts." By visualizing the subscriber's situation, the circulation manager may be able to sympathize with him, but this visualization is not sufficient in itself. The facts must be detached from the justifiable anger of the subscriber, for good letters are built upon facts.

In dealing with either the subscriber or the advertiser, the newspaper manager needs to be certain of his position as to fact and ever mindful that, even though the receiver of a letter may be in error, as perhaps in the case of a disagreement as to an advertising contract or subscription service, the newspaper can afford to assume the attitude of going more than half-way. It is not true that "the customer is always right," as some merchants would have us believe, but neither is it true that an honest misunderstanding may not be back of an unfortunate situation. Only by getting all the facts and then writing a letter that will solve the difficulty, and at the same time hold good will, can the business correspondent of a newspaper be credited with satisfactory results.

The third factor has to do with "writing the letter," and this naturally involves rhetorical principles—good English.

Writing the Letter

There are few, if any, better rhetoricians than Barrett Wendell, who for so many years taught English composition in

Harvard College, and whose book, *English Composition,* is one of the valuable contributions to rhetorical literature.

Wendell tells his story of English composition interestingly and well. Perhaps his "system" may be too mechanical, but surely, if closely followed and then transfused through the letter writer's own personality, better business letters will be the result.

In learning to write better letters, we shall find that three qualities need to be studied, the qualities of unity, emphasis, and coherence. If a letter is to be clear, it must have unity. If the letter is to be forceful, it must be well-massed. And, naturally, to present its case, it must be well-knit; the parts must fit well together.

Of all the qualities needed in better letter writing, no more important one exists than that of emphasis. Emphasis is that quality of rhetoric which enables words to attract attention. Since the first requirement for a good selling letter is that it attract attention, the extreme importance of grouping words well is obvious.

To make a forceful sentence is to place the important words at those places where the attention is more easily arrested, namely, the beginning and the end.

If the letter writer has the facts at hand, and then tells them naturally, he will probably have an effective letter. However, as with every other type of writing, good letters are built by means of two things, thought and revision. Writing the letter puts the information on paper, but improving the letter usually requires revision.

In preparing the usual business letter, it is not always practical to revise; but in writing the general promotion letter, the utmost care should be used.

If the reader wishes to make a more careful study of letter writing, it is suggested that he read such a book as Wendell's, and one or two texts on business correspondence. Among the many principles set forth in such books is, for example, the one that in revision, coherence should be enforced. Words related in thought should be grouped together. For example, let us take the sentence:

"On Friday of this week I wonder if I may see you at your office at ten o'clock."

Here the elements of time are widely separated; they should be placed together, for in this case the ten o'clock comes on Friday. The sentence would be improved, thus:

"May I see you at your office at ten o'clock Friday?"

The study of books treating composition concretely as in the foregoing case is highly profitable.

Qualities a Letter Should Have

Above all else the letter should be clear, for without clearness the purpose of the communication is entirely hidden and the effort of writing ineffective. According to one writer on business correspondence, a business letter should be:

1. Specific
2. Frank
3. Courteous
4. Complete
5. Correct

The letter should not be commonplace. It should be direct and possess life. Life quality comes, of course, from the injection of human interest.

When a promotion letter is to be written, the "you" attitude serves to add a friendly touch and to bring about a conversational relationship between writer and reader.

The Circulation Letter

Circulation letters can be divided into three main classes, the letter to the prospective subscriber, the letter to the local out-of-town news dealer or wholesaler, and the letter soliciting renewal of subscription.

For the promotion of circulation, it is wise to use specific appeals. The following letter from the subscription department of the New York *Times* assumes the "you" attitude in the first few words:

THE NEW YORK TIMES

"All the News That's Fit to Print"

CIRCULATION DEPARTMENT

TIMES SQUARE, NEW YORK

Because of your interest in good literature and criticism, an acquaintance sent us your name in order that we might direct your attention to The New York Times Book Review, a copy of which has been sent you under another cover.

We suggest that you look over the magazine carefully and note the high quality of its contents, printed throughout in rotogravure. Books are discussed from the point of view of news as well as from the aspect of a critical reviewer. All branches of literature are commented upon by authoritative writers, including works of fiction, science, philosophy, poetry, history and economics.

The New York Times Book Review will be mailed to you every week for one dollar a year, insuring you contact with new literary thought and criticism. Subscription form enclosed.

Very truly yours,

THE NEW YORK TIMES
Subscription Department

EG/H

It will be noticed that the first paragraph is essentially a contact paragraph, especially if the receiver of the letter is a lover of good books. Such a letter would not be effective with a class not interested in literature.

The first paragraph announces that a sample copy of the book review is being sent, thereby causing the receiver of the letter to look for the sample in the mail of the next day.

In the second paragraph a suggestion of action is made. The reader of the letter is given a brief description of the contents of the book review section of the New York *Times*. Here, to the booklover at least, is material that would normally stimulate attention and desire. The offer or the "clincher" of the letter comes in the third paragraph.

This letter is brief, a quality that is to be commended. To

be effective, the "story" of the letter needs to be told tersely.

As an example of a letter to effect the sale of several subscriptions through the one letter, the following, to the manager of a hotel, possesses interest:

THE NEW YORK TIMES

"All the News That's Fit to Print"

CIRCULATION DEPARTMENT

TIMES SQUARE, NEW YORK

You have done much for the comfort of the guests at your hotel but have you arranged for them to purchase a morning newspaper regularly?

Probably you will find that a majority of your guests are readers of The New York Times. If you have a newsstand connected with your hotel, we shall be pleased to send a supply of the daily and Sunday editions of The Times at regular newsdealers' rates.

If however, you have no stand, send us the name of the newsdealer who will most likely supply your guests and we will endeavor to arrange to have him carry an ample supply of The New York Times during the summer season.

An addressed envelope is enclosed for reply.

Yours very truly,

THE NEW YORK TIMES
Circulation Department

CF/H
enc.

The opening paragraph makes a direct contact with the hotel manager's business, the making of his guests comfortable. The second paragraph assumes that many readers of the *Times* come to the hotel, and therefore the suggestion is made that it would be well to provide means for the guests to buy the *Times* at the hotel desk or newsstand.

This letter was used largely for promotion of circulation during the summer season when thousands of New Yorkers were going to all parts of the eastern territory for their vaca-

tions. Inasmuch as many summer hotels, especially in the mountain districts of New England, are small, the idea is expressed that the papers may be obtained even though no regular newsstand service is provided. This letter tells its story quickly, avoiding the mistakes of the long-winded promotion letter, closely typed—a form used by a certain well-known weekly magazine.

The Letter to Promote Advertising

Every business manager of a newspaper knows that if he can solve his correspondence problem so that the viewpoint of the receiver of the letter is represented in the first sentence, he has some assurance of obtaining a hearing.

Imagine, if you will, the position of the business manager of a small college, who, as the college year draws to a close, is interested in attracting the attention of high-school graduates to his institution. How should he be approached by the newspaper manager?

A skillful letter to be used in a case like this to promote educational advertising, was employed by the Kansas City *Star*. In the first sentence, the writer of the letter touched the vital problem of the educational institution's business manager. The letter opens: "The viewpoint of your alumni has much to do with the future of the school." Not a word is wasted. The second paragraph follows up this idea. Gradually the thought is brought out that the alumni may mean endowments later in the history of the institution. This letter is shown on the following page:

THE KANSAS CITY STAR

Daily	Sunday	Weekly
Combined Circulation	Circulation	Circulation 350,000
Morning & Evening	225,000	Paid-in-advance
Over 450,000		Subscribers

The viewpoint of your alumni has much to do with the future of your school.

An alumnus is merely a student out of school, and his respect and admiration for his alma mater should increase in direct proportion to the number of years following his graduation.

It is important that you keep up his interest. It may mean an endowment later on, and will certainly mean more students NOW.

The best way and the most economical way to let your alumni know that their college is still alive, growing and prosperous, is to advertise in The Star. Every time an alumnus sees your ad, it revives old associations and rekindles his interest.

Alumni located in Western Missouri, Kansas, Oklahoma and Southern Nebraska read The Star for school news. No other medium gives it to them. The Southwest has read The Star's School and College Section for 20 years. It is an ingrained habit.

Strike now for alumni interest. Strike now for new students. Preach the gospel of education to the Southwest through the pages of The Star.

A 5 line ad costs but $60.00 and appears in 60 issues, distributed over a 10 week period (30 editions). A 30 time contract entitles school advertisers to the privilege of the Bargain Editions described on the back of the contract blank. Sign the contract and send it in with copy of your ad today.

Yours very truly,

THE KANSAS CITY STAR
By *J. T. Barrons*
Advertising Manager

JTB:CF

Advertising in the *Star,* it is explained, is an effective means of reaching the alumni. The letter closes with a proposition for an advertising contract.

Another example of promotion letter follows:

ADVERTISING DEPARTMENT

THE NEW YORK TIMES
"All the News That's Fit to Print"

TIMES SQUARE, NEW YORK

Have you considered the possibilities from a sales viewpoint of presenting your merchandise to the public in the attractive form of rotogravure illustration?
Advertisements in the Rotogravure-Picture Section of The New York Times have the double advantage of the effective appeal of rotogravure and the widespread circulation of the Sunday edition of The Times exceeding 550,000 copies—a sale greater than the population of Buffalo, N. Y., San Francisco, Cal., or Washington, D. C.
The Rotogravure Section of The Times could undoubtedly be a great factor in extending your sales.
We enclose page from the Rotogravure Section of The Times and shall be glad to hear from you.

Very truly yours,

THE NEW YORK TIMES
Advertising Department

HSP/JD

When replying
kindly refer
to No. 21

The New York Times

As an example of an excellent promotion letter, the following used by the New Orleans *Item* is given:

THE NEW ORLEANS ITEM

New Orleans, Louisiana,

It is already warming up in Louisiana. On Easter Sunday our folks will be wearing Palm Beach suits and straw hats.
Thousands and thousands of Orleanians and residents of Louisiana and Mississippi are already planning their summer vacations.
Your greatest opportunity for increased patronage is right in this territory:

1. BECAUSE the New Orleans summer season extends over five months beginning in May and ending very late in September.
2. BECAUSE New Orleans' location—hundreds of miles from the average resort center, combined with the fact number one as related above—makes our vacationists go away for MONTHS instead of for weeks and days.
3. BECAUSE general business conditions in Louisiana were never better (look at the current quotations on cotton, rice, sugar, lumber and our other products); our folks have surplus money—and will spend it somewhere.
4. BECAUSE, frankly, the resorts of America have seemingly overlooked these FACTS; the field is consequently "wide open" for the Resort that FIRST responds to the Opportunity.

The ITEM'S RESORT AND TRAVEL BUREAU is now open. Use it. Send us your descriptive literature for general distribution. Look over the attached circular. Note the excellent results received by our advertisers during 1922 season.
Rates $2.10 per inch daily. $2.52 per inch Sunday. Further details gladly upon request.

Very truly yours,

THE NEW ORLEANS ITEM

L. R. Jalenak, Manager
Resort and Travel Bureau

The short sentence lead is good. The letter calls attention to conditions in the Southern city and then proceeds to give

reasons why an opportunity for increased business lies in advertising through the columns of the *Item*. The letter is crisp, well-massed or paragraphed, and generally effective.

Collection Letters

The publisher who fails to make his collections is in the same precarious position as any other careless business man. If the business is to be conducted successfully, credit cannot be allowed to the undeserving. But oftentimes the publisher does business with firms, or corporations, the financial status of which is good when the credit is granted, but afterwards changes. In any event, the publisher always has on his hands the collection problem. Some persons who are sound financially are slow in meeting their bills, and if the publisher extends credit, virtually lending his capital to others, he may have to borrow from his bank to protect his own credit standing.

The credit problem will be discussed in the chapter on the financial phases of newspaper management. The purpose of bringing the collection problem before the reader here is to show its relation to business correspondence.

The newspaper does a large share of its business locally and so can make some of its collections through personal efforts; however, in the larger towns the personal method, though perhaps more effective, has the disadvantage of being more expensive, all things considered.

If the publisher has few slow collections, he may have little need for the collection letter, but most publishers are not so fortunate, for a large part of any daily newspaper's business lies in the foreign advertising field. Here the accounts are settled by the advertising agency. Although the account may be that of a large manufacturer, the agency handling the business may be slow in reimbursing the newspaper for space used. In such cases, the correspondence method of collecting amounts due the publication is imperative.

In handling the collection correspondence for either local or foreign advertising or for delinquent subscriptions, the methods are largely the same. Frankness and persistence are the distinguishing qualities needed. If money is due a publication,

there need be no hesitancy in seeking collection when payment is not promptly made.

The first principle in collection work is to notify the customer, advertiser, or subscriber, that an amount is due the publication. If payment is not promptly received, one, two, or possibly three reminders may be used, suggesting the possibility that the bill may have been overlooked.

If no attention is paid to reminder letters, it is sometimes well to suggest that perhaps an error has been made in the publication office and that the manager would like to rectify any possible mistakes. The object here is to obtain a reply or acknowledgment from the debtor.

When the reminder type of letter fails to bring the money, there follows the letter of reproach, with the idea of making the debtor ashamed of his unbusinesslike methods. Naturally, the letter of reproach should be handled tactfully, for all collection men realize that the primary objects of collection departments are, first, to obtain the money and, second, to retain the good will of the customer.

The next stage is the discussion stage. Here the object is to provoke a reply from the debtor. Then follows the urgency stage, in which the writer emphasizes the urgency of immediate settlement. Then, if no action is produced, there is the final stage, in which the newspaper gives its ultimatum.

If all peaceful efforts fail, there are legal means of obtaining the money, but no newspaper, any more than any other concern, wants to carry its affairs into court; however, it is good business to have a competent attorney in reserve to back up the demands for settlement. Oftentimes the fact that the publisher threatens to place the account in the hands of a collection agency, or attorney, brings the debtor to time.

The danger is that something may provoke the publisher, or the individual responsible for collections, to threaten the debtor long before it is really necessary, in which event the debtor, who may have carelessly overlooked the account, becomes angry, thus destroying the good will in his business relationship to the paper.

Collections should be so organized that every step in the

procedure is carefully planned. Then loss from bad debts, provided the credit extension policy is sound, and the loss of good will because of needless and angry differences between creditor and debtor, are avoided.

Ingenuity is necessary to draft collection letters that will procure the right reaction in difficult cases; however, it must be borne in mind that a straightforward letter, reminding the person that his account is due, is one of the best means of going after slow accounts. Such a letter might be as follows:

Mr. A. B. Brown, Manager,
Sparkplug Company,
Chicago.

Dear Mr. Brown:

You are a good enough executive to know that business cannot be carried on profitably unless collections are prompt. Slow accounts add to our costs and so serve to increase our advertising rates to you.

Your account with us for $198.73 has been overdue for about four weeks. Several letters have been written to you, but evidently they have not come to your attention.

Before we opened the account in your name, we found that you enjoyed an excellent credit rating. We know that you wish to continue that rating and you can do so if you will promptly write your check for your account in full.

Naturally, we have checked your account and have found it correct. Our service report on your advertising shows that all instructions on copy and insertion were carried out completely; however, if you have any cause for complaint, we would appreciate a reply from you.

Your high credit rating will be continued if you mail your check on receipt of this letter.

Yours very truly,

P. A. Jones, Treasurer,
Star Publishing Company.

In giving notice of expiration of subscriptions, printed forms or form letters will do; however, the enterprising circulation department will follow subscribers' individual records carefully. A typed letter, signed by the editor, the business manager, the circulation manager, or by the treasurer, is oftentimes effective. Vigilance is the price of a paid-up, growing circulation.

CHAPTER XI

NEWSPAPER ACCOUNTING[1]

Fundamental Records

The modern daily newspaper plant is run on such a scale that an accurate system of records is necessary to collect and classify the data required to prepare statements showing the financial and operating condition of the business. These statements called "The Balance Sheet," "The Statement of Profit and Loss," and "The Statement of Cost of Production and Sales" are necessary aids to modern management and control. Present-day competitive conditions do not permit the unscientific memory, or trust to luck methods for giving this information.

The Balance Sheet is the statement of the assets, liabilities, and proprietorship of the business on a "going value" basis at a particular moment of time. The assets include not only cash but also all the various items of value owned by the business, such as accounts receivable, inventories, prepaid expenses, land, buildings, machinery, shop equipment, office fixtures, and good will, if any. These assets should be properly classified and valued so that various ratios for management purposes may be correctly stated, such as the working capital ratio and ratios determining turnover of capital and the like. The liabilities include not only accounts payable but also other debts owing to others than the proprietors or stockholders, such as accrued salaries, subscriptions collected in advance, and bonded or mortgage indebtedness.

Figure 48 indicates the items ordinarily found in the balance sheet or financial statement of a newspaper organization:

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[1] This chapter on Newspaper Accounting was prepared by John V. Tinen, J. D., C. P. A., Associate Professor of Accounting, School of Commerce, Northwestern University.

FIG. 48.—BALANCE SHEET

Date.....

Assets

Current:			
Cash in banks		$0000	
Petty cash		0000	
Accounts receivable	$0000		
Notes receivable	0000		
Total of receivables	0000		
Less: allowance for bad debts	0000		
		0000	
Inventories		0000	
Prepaid expenses		0000	
			$0000
Capital:			
Land		$0000	
Buildings	$0000		
Machinery and equipment	0000		
Truck	0000		
Office furniture and fixtures	0000		
	$0000		
Less reserve for depreciation	0000		
		0000	
Good will		0000	
			0000
Total Assets			$0000

Liabilities

Current:			
Accounts payable		$0000	
Notes payable		0000	
Accrued expenses		0000	
			$0000
Deferred income:			
Unearned subscriptions		$0000	
Sundry income unearned		0000	
			0000
Bonded debt			$0000
Net Worth:			
Capital stock		$0000	
Surplus—January 1	$0000		
Gain or loss to date	0000		
	$0000		
Less dividend paid	0000		
		0000	
			0000
			$0000

FIG. 49.—STATEMENT OF PROFIT AND LOSS FROM JANUARY 1—TO DATE

Operating income:			
Advertising—display	$0000		
Advertising—classified	0000	$0000	
Subscriptions—city	$0000		
Subscriptions—mail	0000		
Sales—copy	0000		
Sales—miscellaneous	0000	0000	$0000
Operating expense:			
Production costs:			
Shop operation			
Binding	$0000		
Composition	0000		
Depreciation	0000		
Freight, express	0000		
Heat, light, power	0000		
Ink used	0000		
Insurance	0000		
Metal used	0000		
Paper used	0000		
Payroll—shop	0000		
Repairs and renewals	0000		
Stereotype	0000		
Supplies	0000	$0000	
Editorial:			
Associated Press	$0000		
Contributions	0000		
Engravings and Reprints	0000		
Salaries	0000		
Subscriptions	0000		
Sundries	0000		
Supplies	0000		
Telegraph and telephone	0000		
Traveling expenses	0000	0000	0000
Gross profit from sales			$0000
Deduct general and administrative expenses:			
Advertising commissions	$0000		
Advertising expense	0000		
Bad debts	0000		
City delivery	0000		
Exchanges	0000		
General expense	0000		
Interest paid	0000		
Mail delivery	0000		
Office salaries	0000		
Postage—general	0000		
Postage—2nd class	0000		
Service	0000		
Subscription commissions	0000	0000	0000
Net profit from operations			$0000

Figure 49 indicates the items ordinarily found in the profit and loss statement. It is interesting to compare Figure 49 with Figure 50.

Figure 50 is a statement of newspaper receipts and disbursements and operates practically on a cash basis of accounting rather than on the accrual basis. This is sometimes a convenient method as it ties up with the Treasurer's Account.

It is to be remembered that lack of uniformity is characteristic of newspaper accounting. One newspaper may use a simple two-column journal, cashbook, and ledger, and another may have a complicated system of books of original entry, including columnarized forms and control accounts for subsidiary ledgers. Sometimes bound books are used, but in most instances the loose-leaf system is preferred.

It is not the purpose to outline here a definite system of accounts or to suggest a uniform system, but rather to raise questions and show how they may be handled, in an average-sized newspaper office.

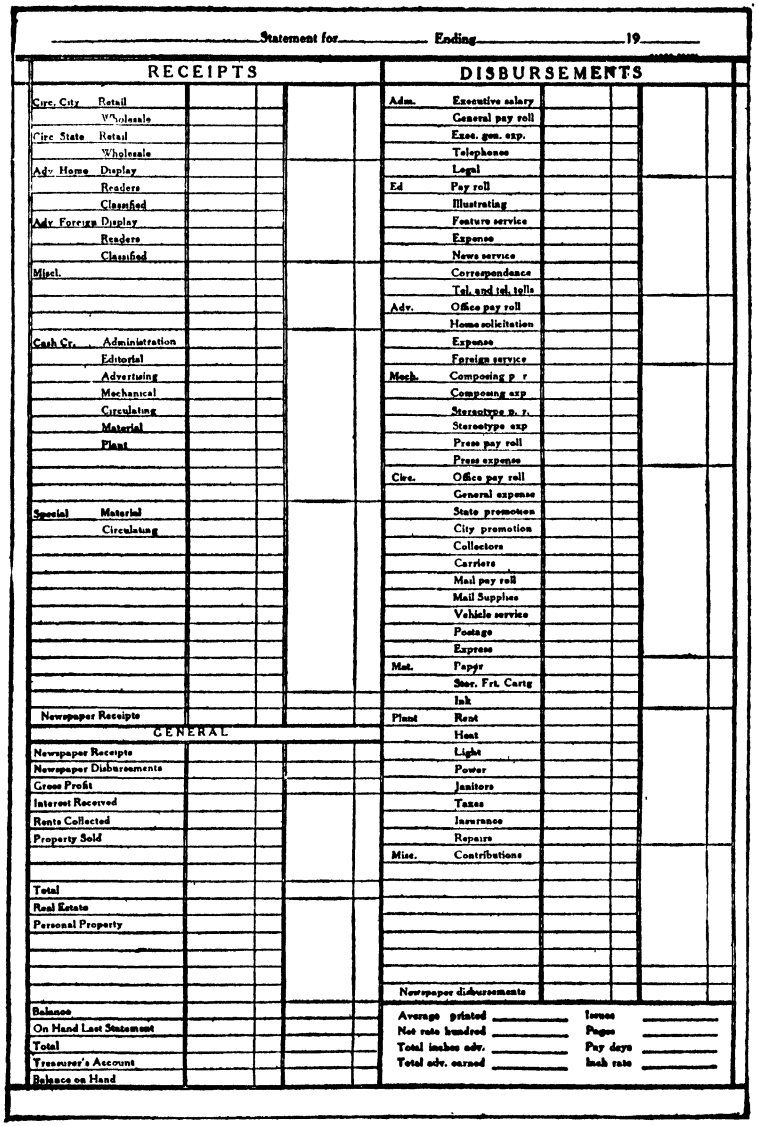
Newspaper Income

Experience shows that from approximately 40 to 80 per cent of the daily newspaper's income is derived from advertising. In the weekly field, according to a survey made by Prof. W. A. Sumner and W. K. Howison of the University of Wisconsin, the income from all advertising approximates 54 per cent of the total income; circulation revenues on the weeklies averages 15.3 per cent of the total income.

In the daily field from approximately 14 to 42 per cent of the total income is derived from circulation, according to another survey made by a newspaper association.

With new factors of competition, new methods of merchandising, and improved means of transportation, advertising problems are changing in both scope and technique. Some publishers see the necessity of finding new avenues of income, especially from the development of advertising accounts and from raising subscription rates.*

* This material is substituted for other material prepared by Professor Tinen in the first edition of *Newspaper Management.*


Statement for _____ Ending _____ 19_____

RECEIPTS

Circ. City	Retail						
	Wholesale						
Circ. State	Retail						
	Wholesale						
Adv. Home	Display						
	Readers						
	Classified						
Adv. Foreign	Display						
	Readers						
	Classified						
Miscl.							
Cash Cr.	Administration						
	Editorial						
	Advertising						
	Mechanical						
	Circulating						
	Material						
	Plant						
Special	Material						
	Circulating						
Newspaper Receipts							

GENERAL

Newspaper Receipts							
Newspaper Disbursements							
Gross Profit							
Interest Received							
Rents Collected							
Property Sold							
Total							
Real Estate							
Personal Property							
Balance							
On Hand Last Statement							
Total							
Treasurer's Account							
Balance on Hand							

DISBURSEMENTS

Adm.	Executive salary						
	General pay roll						
	Exec. gen. exp.						
	Telephones						
	Legal						
Ed	Pay roll						
	Illustrating						
	Feature service						
	Expense						
	News service						
	Correspondence						
	Tel. and tel. tolls						
Adv.	Office pay roll						
	Home solicitation						
	Expense						
	Foreign service						
Mech.	Composing p r						
	Composing exp						
	Stereotype p. r.						
	Stereotype exp						
	Press pay roll						
	Press expense						
Circ.	Office pay roll						
	General expense						
	State promotion						
	City promotion						
	Collectors						
	Carriers						
	Mail pay roll						
	Mail Supplies						
	Vehicle service						
	Postage						
	Express						
Mat.	Paper						
	Stor. Frt. Cartg						
	Ink						
Plant	Rent						
	Heat						
	Light						
	Power						
	Janitors						
	Taxes						
	Insurance						
	Repairs						
Misc.	Contributions						
Newspaper disbursements							

Average printed _____ Issues _____
Net rate hundred _____ Pages _____
Total inches adv. _____ Pay days _____
Total adv. earned _____ Inch rate _____

FIG. 50. RECEIPTS AND DISBURSEMENTS FORM

INSTRUCTIONS TO FOREMAN

Advertiser _____

_____

Space _____

Time _____

Position _____

_____

Start _____

Kill _____

Rate _____

Remarks _____

_____

_____

Taken by _____ **Time** _____

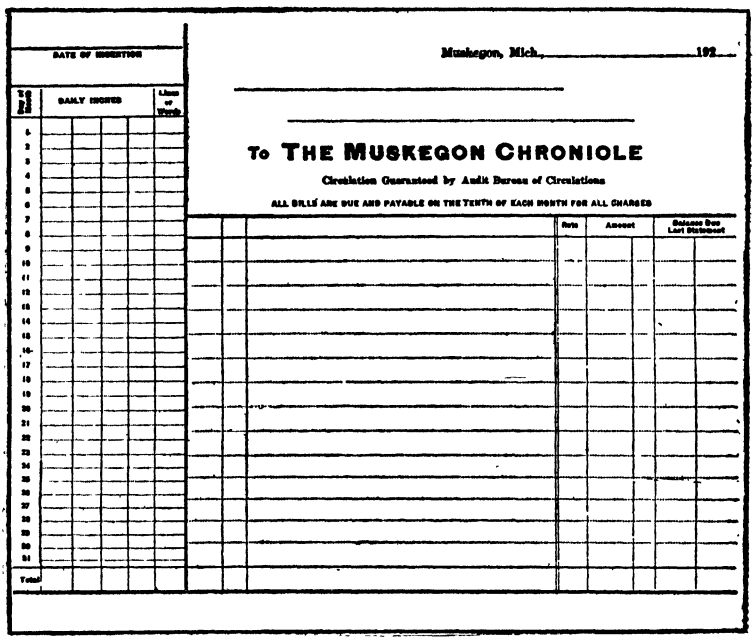
FIG. 51. INSTRUCTIONS TO FOREMAN FORM

Handling Advertising Orders

When the advertising department receives an order for display advertising, a form is filled out and sent to the accounting department for entry in the advertising journal, or a duplicate of the original form, using consecutively numbered sheets, may be filed so as to constitute the advertising journal. After entry, or after filing the duplicate in the accounting department, an order goes to the printing department.

The white "Instructions to Foreman" (Fig. 51) ticket is used on display advertising both home and national when the

ad runs one time or consecutive times. The pink or salmon one, otherwise the same as the white one, is used when the ad runs more than once, but not consecutive issues. The difference in color facilitates checking the advertising and lessens chances of error. Then an entry is made in the contract register, and a full page given to it so that a complete record of the con-


DATE OF INSERTION

DAILY MORNING

Lines of Words

Muskegon, Mich., 192

To THE MUSKEGON CHRONICLE

Circulation Guaranteed by Audit Bureau of Circulations

ALL BILLS ARE DUE AND PAYABLE ON THE TENTH OF EACH MONTH FOR ALL CHARGES

Rate

Amount

Balance Due Last Statement

FIG. 52. INVOICE SHEET OF ORDER FORM FOR CONTRACT ADVERTISING

tract may be had. Space usually is provided for payments on account and insertion dates. The insertion record will be made directly from a marked copy of the paper itself. When the contract has expired, the sheet is placed in the transfer binder, thus leaving live contracts in the register. The more modern tendency is to prepare enough copies of the original order so that one may serve as an invoice to the customer (Fig. 52), another copy as the original or sales record of the accounting department, another copy as the customer's account in the customers' ledger (Fig. 53), and another as the order on

the printing department. Figure 53 may be used where postings are made to a customer's ledger account.

When the advertising receivables become numerous, it is advisable to carry a number of advertising ledgers. The books of original entry must correspond as to classification and entry in order that the control account in the general ledger will balance with the subsidiary record, containing the detailed accounts.

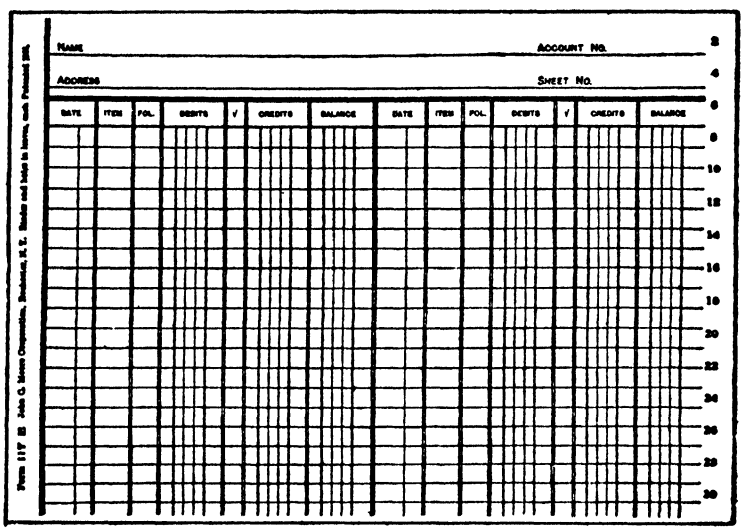


FIG. 53. CUSTOMER'S LEDGER

The classified advertising is usually cash business. The ad is written out, one sheet for each and one word to a space (Fig. 54). The upper right hand corner is filled out and a carbon copy made on a similar small sheet placed below it, showing especially the date of insertion and the charge. The small blank is kept in the office for checking and charging purposes. Then the large blank (Fig. 54) filled out completely with instructions is used by the linotype man who sets the ad. When the customer pays—usually required in advance—a detachable part of the form is handed to him which serves both as a receipt and as a claim check for replies to the ad (Fig. 55).

A small yellow billhead (Fig. 56) may be used for classified advertising, and is sent out on the last day on which the ad appears in the paper. It is made in duplicate, the duplicate being kept for the files, the original being either given to the collector, or mailed to the advertiser. If the bill is not paid within one month, a second bill on a pink slip is sent out. To the advertiser who has a contract, a bill may be sent out every week or month.

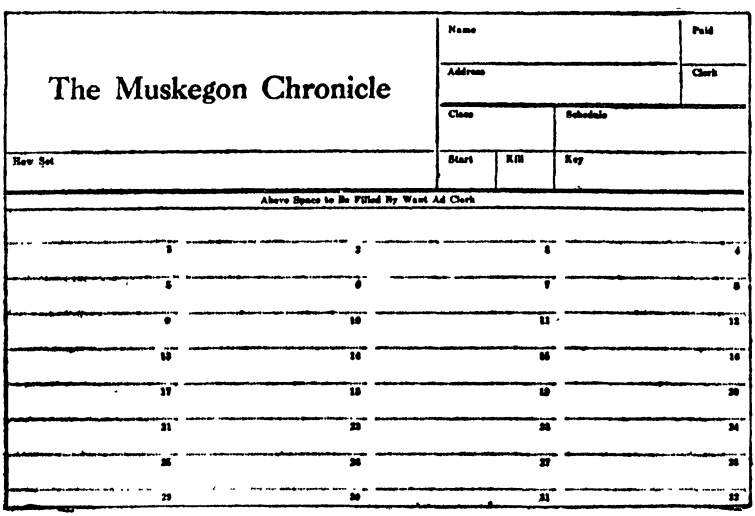


FIG. 54. CLASSIFIED ADVERTISEMENT COPY BLANK

A "kill" order on any advertisement is recorded on a "kill order" form, which is made out in duplicate, one copy being kept for the files and one going out to the make-up man in the mechanical department. A "correction" on an ad is similarly treated. In both these cases a copy of the ad as it appears in the paper is clipped out and pasted on the blank which goes to the foreman. Typical forms of "kill" and "correction" orders are illustrated in Figures 57 and 58.

Circulation Receipts

The income from circulation is handled in many different ways. Sometimes the superintendent of the newsboys' depart-

ment must account for all papers delivered to him either in cash or returns. Sometimes tickets are sold to the newsboys for specified numbers of copies from the delivery room. A daily circulation report properly filled out by the circulation manager may be used.

Subscriptions when received should be recorded in a subscription book and sent to the card-index clerk who will enter

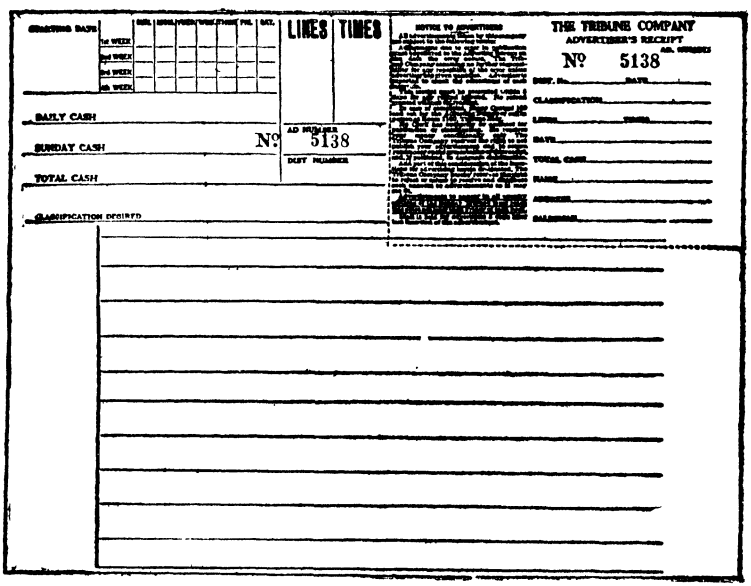


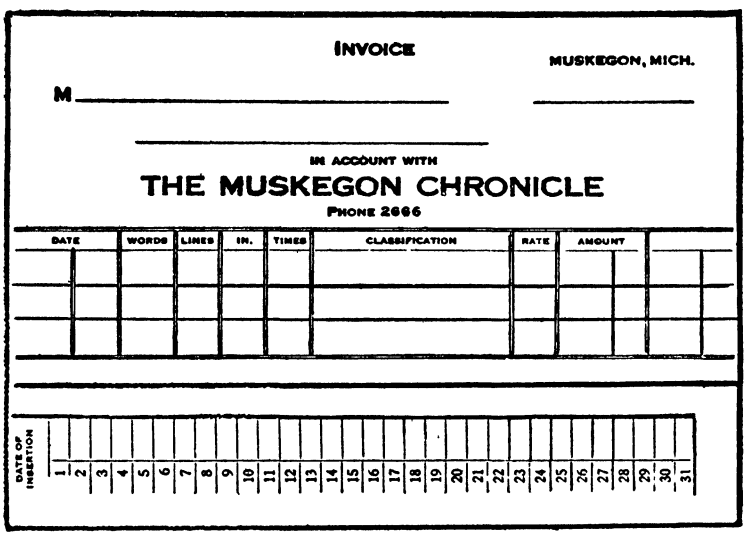
FIG. 55. SALESMAN'S CASH RECEIPT AND COPY BLANK

them in his index by name. He sends them to the galley clerk who makes up his index by addresses. A plate for the mailing machine is also made. Sometimes another set of cards is made and filed according to dates upon which subscriptions expire. This facilitates sending out notices and the "killing" of the subscription if it is not renewed.

Some newspapers sell to wholesale dealers and general agents. If these are not cash sales, then it may be advisable to install a separate system of dealers or sales ledgers. A statement similar to Figure 61 may be suggestive.

Another system for handling circulation is shown when sub-

scriptions are paid in advance. A receipt is issued for each subscription, a pink one for city subscriber, and a green one for suburban and country. The difference in color is made for purpose of quick identification in office records. After the receipt of cash is recorded in the cashbook, a buff-colored card is made for the files of suburban and country subscriptions. Payments added from time to time are posted from the stub


INVOICE

MUSKEGON, MICH.

M _____ _____

_____

IN ACCOUNT WITH

THE MUSKEGON CHRONICLE

PHONE 2666

DATE		WORDS	LINES	IN.	TIMES	CLASSIFICATION	RATE	AMOUNT			

DATE OF INSERTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

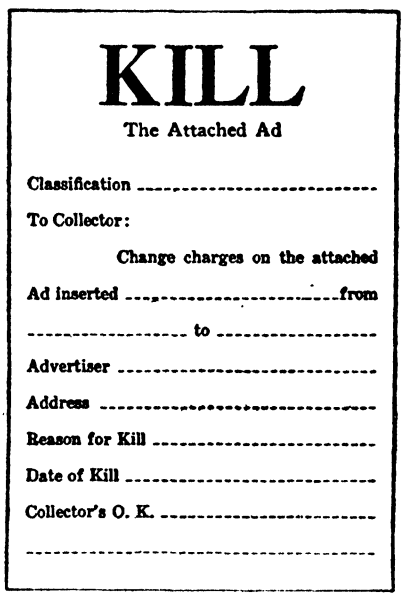
FIG. 56. FIRST NOTICE OR INVOICE FOR CLASSIFIED ADVERTISING

of the receipt book. A salmon-colored card is used for the city circulation file, and amounts are posted from the stubs of the pink receipt book. These cards are posted immediately upon taking the subscription or renewal. When this is done at once, the cards do not have to be taken out of the files and handled a second time.

A "stop" order on a subscription is made out in duplicate, and a "start" likewise. These are used mainly for city subscribers. As a new stencil is made at once for the out-of-town subscribers or new names, it is unnecesary to handle the card twice. If a customer complains of nondelivery of his paper, it is noted on a special delivery service ticket. The paper is

sent out by a special delivery boy and he obtains the signature of the subscriber to show that the paper was delivered. The carrier on the route is then called upon to explain. Typical forms of these orders are illustrated in Figures 11 and 13.

The accounting for circulation as suggested requires: an order book showing daily requirements of each order or distributor and against which deliveries are checked, and the sales



KILL

The Attached Ad

Classification _____

To Collector:

Change charges on the attached

Ad inserted _____from

_____ to _____

Advertiser _____

Address _____

Reason for Kill _____

Date of Kill _____

Collector's O. K. _____

_____

FIG. 57. NOTICE TO "KILL" AN ADVERTISEMENT

journal to record the transaction and to charge the customers in their individual accounts. Cash sales may be handled by having a special column for cash sales in the cash receipt book or there may be a special cash sales book. There may also be a return sales book to handle daily returns or it may be combined with the sales record. Sales of waste paper and other sundries may be handled through a special column in the cash receipts book, or a special column in the journal, or there may be a special sundries journal. Sales of back numbers may be treated as miscellaneous income, sales-copy, or as a sale of waste paper.

Classification of Operating Costs

Operating costs, including purchases, of a newspaper may be classified as:

(*a*) Production costs:
  1. Shop operation or mechanical expenses
  2. Editorial expense
(*b*) General or administrative expenses
(*c*) Miscellaneous and financial expenses (if any)

Before paying an invoice, it should be carefully checked to ascertain that it is correct and that payment should be made. The following points should be considered:

1. Was the purchase authorized?
2. Have the quantities and qualities (kind of merchandise) been checked from the receiving records to the invoice?
3. Has the invoice been checked for correctness of prices, terms, extensions, footing, and any other items?
4. Has the person authorized to O. K. the invoice for payment done so?

The next step is to enter the transaction in a book of original entry such as cash disbursement book direct, or the purchase or expense journal if used, or the voucher register, or the general journal, depending upon the system followed. Before making an entry it will be necessary to:

1. Journalize the transaction; i.e., indicate the debits and credits involved, or stated another way, to ascertain to what accounts the invoice is to be charged in accordance with the classification used.
2. Check against prior payment, so that no invoice will be paid more than once.

Then when payment is to be made, prepare the check properly and deliver it to the creditor.

The voucher system greatly strengthens the system of internal check and is the most recommended system of recording expenditures. The system for a newspaper is the same as in any other business except that the distributions are made in accordance with a classification of invoices suitable for a newspaper, which classification is indicated in Figures 49 and 50.

The voucher system as generally used includes the use of a "voucher" and a "voucher register." It can be used with or without a creditors' ledger; with or without as many controlling accounts as convenient; with discounts deducted when the voucher is entered in the voucher register or deducted in the

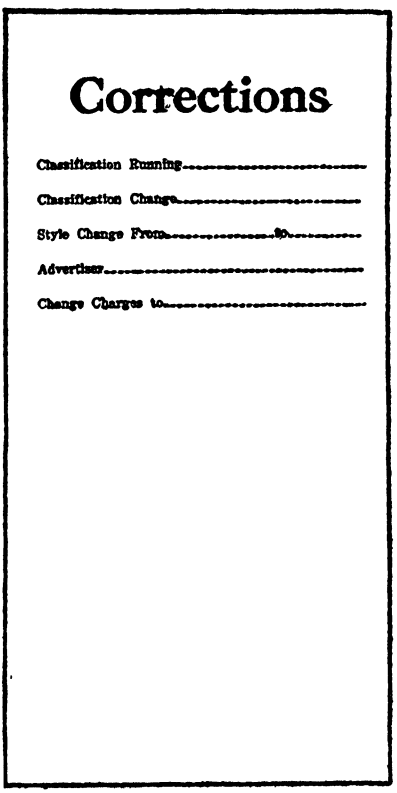


FIG. 58. NOTICE FOR CORRECTION OF AN ADVERTISEMENT

record of checks drawn at the time the check is written; and with or without combination of the voucher and the check. The vouchers should be consecutively numbered. The indorsement of the check serves as a receipt for the items, *i.e.*, the receiving of the amount paid and its correctness.

Sometimes a contributors' ledger and register is used to show contributions of copy apart from other expenditures. The

DAILY CIRCULATION REPORT

Day_____ Date_____ 192__

	YESTERDAY	INCREASE	DECREASE	TODAY
CITY PAID				
Carriers				
News Dealers and Street Sales				
Counter Sales				
Extra Sales, Bulk				
Total City Paid				
SUBURBAN PAID				
Carriers				
Mail Subscribers				
Total Suburban Paid				
COUNTRY PAID				
Carriers				
Mail Subscribers				
Total Country Paid				
Total City, Suburban and Country Paid				
SERVICE COPIES				
Advertisers				
Employes				
Correspondents				
City, R. R. & P. O. Employes				
Total Service Copies				
UNPAID				
Comp by Mail				
Advertisers and Agencies				
Office Use and Files				
Samples				
Total Unpaid				
Total Distribution				
Duplicates, Left over & Spoiled after Printing				
Copies unaccounted for				
Net Press Run				
Spoiled in Printing				
Gross Press Run				
Pages				

Signed_____ Business Manager.

Signed_____ Circulation Manager.

FIG. 59. DAILY CIRCULATION REPORT

register contains a detailed record of copy actually run. This posting for the copy run will be a credit in the ledger, and as payments are made, a debit will be posted to the account. Individual accounts containing an excess of debits over credits would thus indicate that copy was bought but not run.

Perpetual or running inventory of paper stock may be kept, with a separate page or card being used for each grade of paper stock. This record is charged for opening balances and receipts of paper stock on either a weight basis, a dollar basis, or both, and it is to be credited correspondingly for requisitions of paper stock. The balance indicates the paper on hand, and it should be verified by a physical or actual inventory. A discrepancy may be due to inaccuracy in the matter of keeping the records, but usually indicates a "shortage" in stock. The records, in any event, should be adjusted so as to agree with the actual count and discrepancies investigated.

Other special books may be in use, such as petty cash record, payroll books, postage records, depreciation records, private accounts, daily circulation report (Fig. 59), and other similar books. In addition to the records mentioned, it must be remembered that a general journal and a general ledger, as found in any general accounting system, should be in use as well as the special journals and ledgers mentioned.

Cost Accounting

Cost systems for newspaper operations in many cases seem to be incomplete and to lack uniformity when compared with standard systems. This situation may be due to the fact that the price of a newspaper is not determined by its cost, but is usually determined by setting a selling price which will bring the greatest circulation, but which may be less than the per circulation cost of gathering the news. However, there are cost systems in use for the mechanical department. Such systems help to control the department and eliminate waste; i.e., to keep down cost of production.

A cost-finding system has been defined as a set of records designed and operated so as to show the cost of operation in each department, or of each operation or machine employed in

CIRCULATION DAILY CASH REPORT

_____ 192_____

ROUTES	STREET SALES
	DEALERS

TOTAL ROUTES $_____ TOTAL DEALERS $_____

TOTAL CITY $_____

MAIL—OFFICE - - - - - - $_____

MR_____ $_____

MR_____ $_____

MR_____ $_____

TOTAL - - - - $_____

RESERVE	CIRCULATION
PREV. TOTAL $_____	PREV. TOTAL $_____
TODAY - - $_____	TODAY - - $_____
TOTAL - - $_____	TOTAL - - $_____

SUBSCRIPTIONS

MAIL - - GAIN — LOSS_____

CARRIER GAIN — LOSS_____

SIGNED_____

FIG. 60. CIRCULATION DAILY CASH RECORD, A CHECK ON CIRCULATION RECEIPTS

the production of goods that are to be sold. It serves as a guide in estimating future costs and the probable effect of contemplated changes on the profits and costs of the business. It indicates inefficient practices when it measures production secured, and comparison is made with the production secured from workers in the same plant or in similar departments of other plants .

Many articles have been written by publishers to stress the importance of costing in the newspaper business. One of the

Danville, Illinois, _____ 192__

To THE COMMERCIAL-NEWS, Dr.

For Papers for the Month of _____ 192__

DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Number of Papers																	
DATE	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTALS		
Number of Papers																	

	CREDITS		
	TOTAL		

TOTAL PAPERS _____ at _____ per 100, $ _____

Less Credits _____

Total for Month _____

Balance Forwarded _____

Total Amount Due _____

Amount Must be Paid by 10th of Month.

FIG. 61. STATEMENT FORM FOR BILLING WHOLESALE DEALERS AND AGENTS

most interesting articles appeared in *Administration* for February, 1921. Its title is "My Little Black Book" and its author is Jason Rogers, former publisher of the old New York *Globe*. He says, in part, "I have seen such a clear demonstration of ignorance regarding basic costs in newspaper offices that I believe the general use and adoption of cost-finding systems would cure most of the ills from which newspapers suffer."

Competition is keen and is becoming keener. Loss of ground

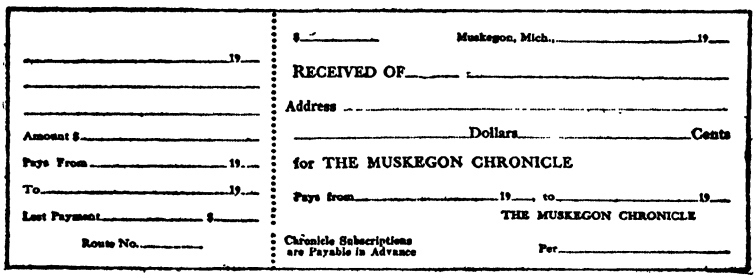


FIG. 62. RECEIPT FOR CITY SUBSCRIPTION

is at once noticed by advertisers and subscribers alike. Fluctuations are constantly occurring and certain changes may have to be made. One can hardly follow his competitor blindly, for that would lead to trouble. One must know, then, how to carry and how to spread the load when necessary changes are made.

Objections are offered to installing a cost system in a newspaper office. A newspaper, of course, usually is the one and only product of a *daily* newspaper plant. All expenses then are charged to it and all revenues credited to it. The general accounts will then furnish information so that monthly profit and

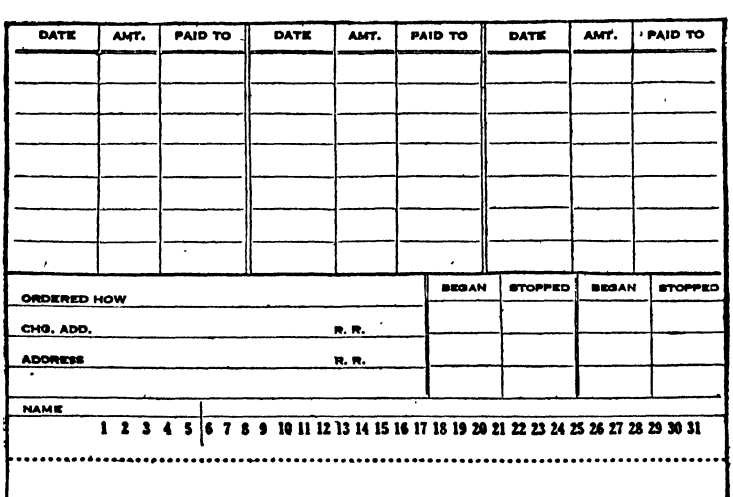


FIG. 63. RECORD CARD FOR SUBURBAN AND COUNTRY CIRCULATION

loss may be easily prepared; so the question is asked, why should the extra expense of installing and maintaining a cost system be incurred? In the smaller shops the proprietors have their eyes on shop conditions, so why introduce added overhead expense? They believe that they know, as nearly as they think they need to know, how much it costs to get out their papers. However, it is not enough to-day to know total costs. Simple systems can be devised and there seems to be no sound argument against proper costing.

NAME				ADDRESS				ROUTE NO. ———			
	Paid To	Paid On	Amt.		Paid To	Paid On	Amt.		Paid To	Paid On	Amt.
Jan				Jan				Jan			
Feb				Feb				Feb			
Mar				Mar				Mar			
Apr				Apr				Apr			
May				May				May			
June				June				June			
July				July				July			
Aug				Aug				Aug			
Sept				Sept				Sept			
Oct				Oct				Oct			
Nov				Nov				Nov			
Dec				Dec				Dec			

FIG. 64. RECORD CARD FOR CITY CIRCULATION

No attempt will be made herein to show how the cost records tie up with the financial records. That is brought out in studying the general principles of accounting and cost accounting.

One of the simplest cost rules in use is indicated in the following formula:

Total All Expenses minus Cash Received from Circulation equals total Cost of Advertising.

Total Cost of Advertising divided by number of pages equals average cost per page in each issue.

This then serves as a guide as to what the minimum charge per page must be to break even. It is assumed that the profit

BOWMAN PUBLISHING COMPANY **№ 36317**

FOR _____ JOB

ADDRESS _____ DATE _____

SHIP _____ PROMISED _____

CUSTOMER'S ORDER _____ TAKEN B. _____ PREVIOUS JOB No. _____

QUANTITY AND DESCRIPTION _____

SIZE _____ In. wide x _____ In. high

Flat—Trimmed—Untrimmed.

STOCK

KIND OF STOCK	COLOR		SPECIAL
		x Lbs.	
		x Lbs.	
		x Lbs.	
		x Lbs.	

CUT _____

Note—Enter details of Stock used : a book of 'sheet

COMPOSITION

TYPE PAGE _____ x _____ SET SHORT (LONG) WAY. IMPRINT _____

SIZE TYPE _____ FACE TYPE _____

Fine Spindle Near as Possible | Like Copy Like Sample | Heavy Light | Plain Fancy | New Job Change Job

SET _____ times. Make _____ Electros

PROOF TO _____

PROMISED _____

PLATES

FURNISHED _____ WE HAVE _____ TO COME _____

ORDERED FROM _____

PRESS

NUMBER _____ START WITH _____

PERFORATE _____ SCORE _____

INK _____

Note—Enter details of Ink used on both

BINDERY

PERFORATE _____

PAD _____ IN PAD; ON _____

NUMBER _____ START WITH _____

PUNCH _____ HOLES _____

PROOF SENT _____ RET'D _____

PROOF SENT _____ RET'D _____

PROOF SENT _____ RET'D _____

FINISHED _____

DELIVERED _____ BY _____

SPECIAL _____

SELLING PRICE _____

FIG. 65A. FRONT OF JOB COST RECORD SHEET

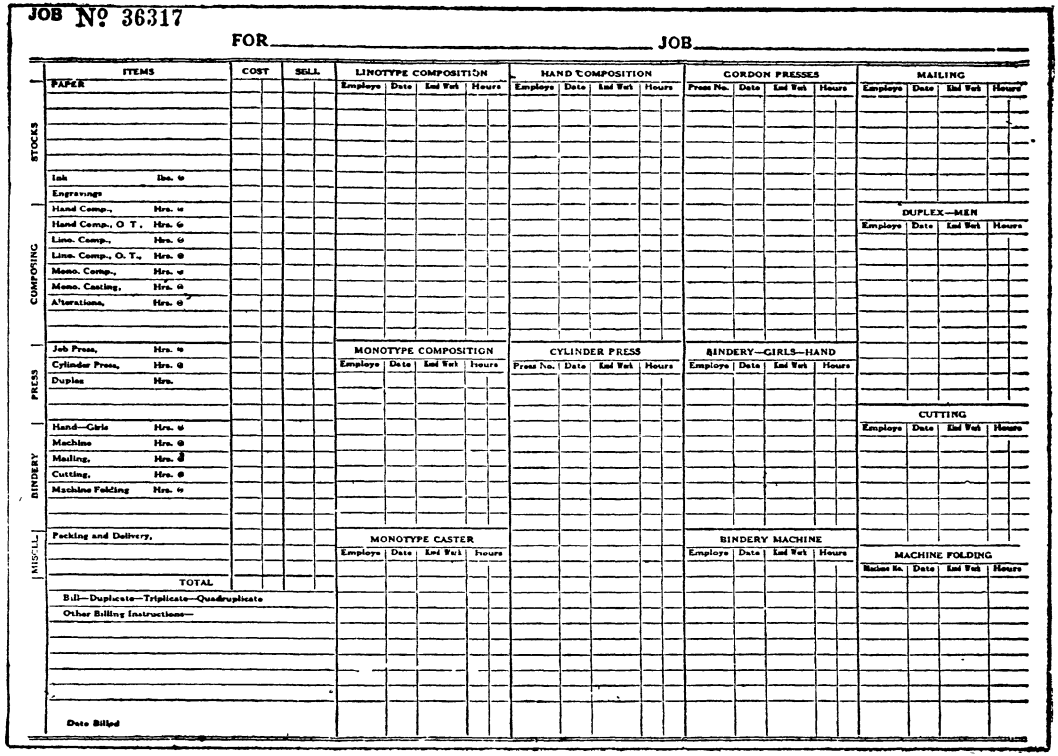


FIG. 65B. REVERSE OF FIGURE 65A

is to come from the advertising. In applying this rule or any other rule, it is to be remembered that inventory of back numbers and inventory of stereotype is to be priced at scrap values.

There are various systems in use, but the system worked out by the United Typothetæ of America seems to be basic. Their method of collecting factory costs by productive hours, and the distinction between chargeable and non-chargeable time, and the method of distribution of overhead is set as a basis. In the smaller shops, a division of time for each individual according to departments in which he works should be made, because he may work in several departments.

A newspaper plant that also does job printing work often keeps the costs with more care and accuracy than a full-time newspaper plant. There the newspaper is not the one big job but simply one of the several jobs.

The daily newspaper is apt to charge all the time against the newspaper indiscriminately. Machines are used only for producing the newspaper so that distinction may not be made between chargeable and non-chargeable time. Price is not determined on any cost plus basis or even on cost basis. Price is not, of course, made to satisfy the customer for the particular job but rather to satisfy all the people during the entire year and no consideration is given to fluctuations, except when they are not of a minor character. Different kinds of advertising cannot be accepted at the same price—even though the cost to run may be the same. Some advertising is more desirable and has higher news value than other kinds. It seems to be somewhat of a proposition of finding out what the traffic will bear. Then again a question of policy enters when an attempt is made to determine the amount of advertising to be run in proportion to the amount of reading matter, because it has a great effect on circulation and hence on profits. This proportion is not determined solely by costs. If increased profits are made, they may be tied up with lowered costs, and are considered as so much good fortune; when losses occur, it is seldom that they are attributed to excessive costs but to lack of sufficient business. Of course, economy is sought, but prices are changed only as a last resort. For this reason a cost system is not usually

maintained with the idea of determining prices but rather to control production.

In preparing the monthly operating report, the following items are usually included in addition to the items listed in Figures 49 and 50:

1. Number of week days
2. Number of Sundays
3. Number of pages daily
4. Number of pages Sunday
5. Average pages—daily
6. Average pages—Sunday
7. Average daily net paid circulation
8. Average Sunday net paid circulation
9. Columns display—daily local
   —Sunday local
   —daily foreign
   —Sunday foreign
   Total columns—display
10. Columns classified—daily
    —Sunday
    Total classified
11. Average rate per line
12. Total columns—all advertising
13. Average rate per line
14. Agate lines per column

While the chargeable hour may be used in some printing offices, the actual basis for determining costs has been very indefinite in newspaper accounting. The following unit or units are sometimes used in newspaper accounting:

1. Cost per page
2. Cost per thousand of circulation
3. Cost per advertising inch
4. Cost per standard paper (say 8 pages)
5. Cost as a job

It may be noticed in the preceding Figures 65A and 65B that the newspaper is run as a job. The forms are suggestive as to methods to be used in making up the records.

CHAPTER XII

PLANT MANAGEMENT

Plant Efficiency

The daily newspaper plant is a manufacturing establishment, dependent for efficiency upon the same factors that obtain in other fields of production. By its very nature, however, it differs from many types of manufacturing. Newspaper making, from a mechanical point of view, is essentially a printing industry; but the making of a newspaper in an exclusive newspaper plant differs from the layout used when the newspaper is but one of many printing jobs under way at the same time.

From an efficiency viewpoint, it makes little difference whether the publisher of the newspaper considers his plant a one-job plant or a many-job plant. Investigation shows that the smaller dailies, and also most weeklies, handle the newspaper as a job-printing order. The larger newspapers, generally, do not handle job printing, but their system of cost finding makes them as economical in production as is the paper issued from a plant in which each printing order is reckoned separately.

Manufacturing processes may be continuous, repetitive, or special. Newspaper making combines some of the characteristics of all three. But since the newspaper is handled as a job, in either an exclusive or multiple job plant, the manufacturing process assumes largely the character of the special order, in which each job takes a separate preparation and individual supervision. The classification of the newspaper in the special class of industry is made because of the job method of accounting for costs which is well adapted to newspaper production.

For the purpose of the present discussion the exclusive newspaper plant will be considered.

In the manufacturing department, or mechanical department,

the production is of the continuous variety, especially in the pressroom. Production is largely dependent upon the press, its supply of paper and ink, and its tending. After the press is started, the production of the newspaper is continuous, with this limitation, that it is continuous only during the comparatively short portion of the working day in which the press is in use.

In large metropolitan plants, where eight to ten editions are the practice, the manufacturing process assumes the character of a repetitive process. Time and time again during the day the plates are adjusted on the press and the operation begun.

The printing industry with its value of product running between a billion and two billions of dollars annually might at one time have been classed as a wasteful industry. The reasons for the wastes were largely the intense competition among small concerns not advised as to their costs and, in the case of the newspaper, the necessity for the prompt turning of news and advertising copy into printed form.

The necessity for speed in production brought about waste from two sources, namely, idle time of expensive equipment, and a tendency to overequip the plant. Another cause of loss was the imperfect flow of work through the plant.

Fortunately, newspaper managers to-day are beginning to realize their costs and to adjust their production problems accordingly.

Flow of Work

The layout of any manufacturing plant unit is dependent upon the desired flow of the product through the plant. In a newspaper plant the business and editorial departments do not need to be in a straight line of production with the mechanical department, but they should be convenient both to the public, to the mechanical department, and to each other. The arrangement of a layout is largely determined by what a publisher already has. He cannot rebuild his plant overnight; oftentimes he must make the best of an old building. But in his composing, stereotyping, and press departments, he can study and modify methods so that lost motion and wasted effort can be reduced to a minimum.

Production is applied motion. If production ceases idleness results. The problem of management is to control and direct. When for any reason the rapid and smooth movement of material is interrupted, there is loss of time and money.

In a printing plant the movement of paper constitutes the flow of production and the presses determine its rate. In a newspaper office the pressroom is the seat of final manufacture. The newspaper is produced as a physical thing in the pressroom; other departments, although vital from other points of view, are auxiliary to this important mechanical operation. Every effort should be made to maintain the right rate of flow of paper through the presses. The paper must be ordered, shipped, stored, and delivered at that rate. The pressroom superintendent must have the ink and printing plates ready the moment they are needed by the presses. As the papers come from the press, there must be no clogging of the interior delivery system. Papers must continue to flow at the efficient rate of production from the folding equipment to the mail and delivery rooms. The mechanical plant of the newspaper must be built around the flow of production.

Parallel with the pressroom in mechanical importance is the main "fabricating" department of the newspaper, or the composing room. In the composing room the flow of work is determined by the rate at which copy is set into type and the type delivered to the make-up tables. The flow of work in the stereotyping room is determined by the rate at which the matrices can be made and sent to the foundry and the plates cast and delivered to the pressroom.

Any delay in these processes means that the plant is mechanically inefficient, in which case the inference is that either the layout of equipment is wrong or that the management lacks proper control and direction. Both causes may exist.

Plant Layout

The problem of plant layout is so to arrange equipment that the route traveled by the material in process will be as short as possible. The accuracy with which fixed equipment, such as linotypes, stereotyping machinery, and presses, is located in

relation to the flow of work will greatly affect the economy with which the plant can be operated.

As the newspaper plant must be operated at the lowest possible cost, the plant building must be carefully designed. The newspaper owner in planning a new building or in remodeling an old building must reflect that it costs only one expenditure to start right, but that a wrong start means trouble and extra expense.

Every detail should be considered. The obvious pieces of equipment may be placed by one not trained in newspaper plant design, but such details as pneumatic carriers, casting room, paper roll core bin, matrix rack, cut storage cabinet, storage for ink, oils and other supplies, heating, ventilation, light, drainage, and other details may be given only casual or unscientific attention. Each plant is an individual problem and needs special consideration on the part of an experienced plant engineer.

The principles of procedure are everywhere the same, however, and can be applied to individual cases. These principles are:

1. Set limits of possible expansion.
2. Plan a fully equipped plant for maximum production.
3. Revise plans trying each time to effect better economy of time and labor necessary for operation.

If a site is yet to be acquired, a plant layout as it should be can be drawn and then an effort made to find the exact lot that will meet both internal and external needs.

Large newspaper plants have the leeway that always comes with size, but small daily plants should have, if possible, width to spare so that pipes, columns, and ventilator flues can be placed in walls without breaking the inside lines of construction. Obstructions should be avoided. If it is necessary to hold down expense of construction, it may not be possible to avoid supporting columns. But in that event pillars should be placed 25 feet apart. If the building is forty feet or less in width, columns are undesirable.

By obtaining blueprints from the manufacturers of equipment, showing details as to light, power, water connections, weights, and floor space, the architect consulted will have suffi-

cient data to apply correct layout principles to the needs of newspaper plant construction.

In building a new plant, the layout of equipment should be planned before construction is begun. If this practice is not followed, there is more than likely, experience proves, to be some department cramped while in another there will be wasted space. Before even a preliminary plan can be made, the type of building, its location in respect to other buildings, and its possibilities for expansion must be considered. In the case of a newspaper plant, it is hardly likely that limitations, horizontal and vertical, will prove as serious as in the case of more rapidly expanding industries, requiring large relative amounts of floor space. When a newspaper plant needs to be expanded to an unusual degree, it is likely that a new structure will be built.

In the case of plants already built, the same plans of locating equipment so that the flow of work may be carried on quietly and rapidly can be followed, although there will not of course be the same freedom of design possible in the construction of a new plant.

Locating Departments

The location of the business and editorial departments has been considered in the chapter on Newspaper Organization. In discussing newspaper plant management here, primarily the mechanical departments will be considered.

Because of their weight heavy presses and stereotyping machinery should be placed in the basement. The stereotyping department is sometimes placed on the level with the presses, but not always. Sometimes, as in the case of the Racine *Journal-Times,* the stereotyping department occupies space adjacent to the composing room (on the second floor). The layout of the two major departments partly determines the best point, in any particular case, for the placing of stereotyping equipment. Generally, however, it seems advisable to place this department near the presses so that the transfer of heavy plates to the press will be over the shortest possible distance.

It requires less labor to transfer paper matrices a longer dis-

tance than it does to handle heavy plates over an equal or even a shorter distance. In case the stereotyping equipment is located on an upper floor, it should be so arranged that the heavy plates can be dropped from a point directly above the pressroom, thus making only a short transfer to the press.

With the use of automatic carriers for taking the papers from the press to the mail and delivery rooms, these rooms can be placed conveniently in reference to the street, in such a way that congested traffic does not interfere with the trucks that take papers to outlying or suburban sections, or to railroad stations.

If possible, the receiving department should be so placed that the receipt of paper or supplies will not conflict with the delivery of papers to trucks or carriers.

The composing room, essentially a manufacturing department, should be given a space with plenty of light, air, and freedom from distractions. The upper floor of a large plant is usually desirable for the composing room. In a small plant, the typesetting machines, must, of course, be placed in the best space available.

On small dailies, provision need not be made for stereotyping equipment, except as a future possibility of needed expansion because of a demand for better and faster newspaper service with increasing circulation.

Composing Room Equipment

Many composing rooms are wasting the profits of their owners because of poor arrangement and an absence of everyday working materials. Either of these causes is responsible for more loss in income than any other one item, according to C. W. Kellogg, production engineer of the American Type Founders Company.

An unbelievable number of minutes are wasted because owners do not realize the losses in composing rooms. The entire aim of the newspaper plant builder, the owner, and the foreman, should be to reduce the number of needlessly wasted minutes, which could be lessened by a saving of steps.

In a working day there are 480 minutes. The saving of only

10 per cent means forty-eight minutes' work each day. If three compositors can save 10 per cent of their time each day, they will add almost three hours to otherwise needlessly wasted time. Three hours saved a day means a saving of seventy-eight hours in the course of a month of twenty-six working days.

Many composing rooms were not designed for maximum production. Proper arrangements are not made for the operators. It may be presumed that in a well-equipped plant the average compositor will set more ems than he possibly can in a poorly equipped plant. Experience of newspaper efficiency engineers shows that the difference in results between a poorly equipped establishment and a well-equipped plant might easily run from 15 to 25 per cent.

Losses in the composing room are caused through the scattering of materials, through failure to have sufficient material at times when it is wanted, and through failure to study conditions making for efficiency.

These losses can be stopped through the concentration of material close to the hands of the employes, through a sufficient supply of needed equipment, such as type and type furniture, as well as handy tools, and through a close study of other means to avoid waste of time and labor in the composing room.

In one instance, observation of a number of composing rooms revealed that some hand compositors were using type cabinets full of types as working banks. Some compositors occupied a double cabinet, using this expensive working bank to the detriment of the plant, because of the delay caused other compositors.

Compositors were covering type cases with copy, galleys, leads, slugs, and with other type cases they were using from time to time. It was noted that they set little type from the cases which they had covered.

When another compositor wanted covered type cases, there was confusion and loss of time, and sometimes ill feeling that did the morale of the plant little good.

Composing room efficiency dictates that type cases should not be placed in front of the compositor. It is advisable to keep type cases in racks or cabinets providing working tops or banks, either of wood or steel, which cost less than type cabinets

full of type, are easier to keep clean, and give compositors greater accessibility to type cases.

In case of plants already equipped, reasonably priced working tops can be added to type cabinets, thus effecting economical methods in the composing room.

In some plants efficient management is hardly possible because the equipment is so poorly placed. It may be necessary for a compositor to walk ten feet for material that should be within arm's reach. Where this faulty practice obtains, the newspaper owner is paying for useless motion, and the result is lower profits.

Concentration can be the acme of efficiency. In the composing room there should be concentration of materials, concentration of equipment to save purposeless motion, and concentration of labor toward greater production with less expenditure of effort. As labor is the most expensive item in the plant, concentration should begin in relation to labor.

Printing types in the average piece of composition weigh only one-third to one-half of the whole composition; quads, spaces, rules, slugs, and cuts weight from one-half to two-thirds of the average composition. In light of this fact, why should a compositor be placed in front of the type and then have to walk five or ten feet to reach the kind of slug or border that he needs? Obviously, if the newspaper owner wants efficiency he should not subject his hand compositors to such unnecessary labor, which is an index of plant inefficiency.

It is no more costly to place spacing materials within easy reach of the compositor than it is to place them ten feet down the alley. It must be remembered that the compositor is not setting type when he is walking up and down the alley hunting materials.

Efficient equipment makes each alley a small composing room. Type cabinets with attached or separate overhanging galley shelves for type furniture and with a working top, as already suggested, serve to concentrate the efforts of the compositor and to eliminate lost motion.

In providing type equipment the publisher should be warned to order carefully and to reduce needless type stock. There

should be a set plan for the future instead of a buying policy in keeping only with immediate requirements. Without a set plan, the composing room is apt to be congested with types of all sizes, fonts, and families. With a set plan, the danger of overequipment can be avoided.

Consultation with newspaper-plant efficiency engineers of such companies as the American Type Founders Company, and of other leading printing equipment manufacturers, will enable the publisher to select the latest and best equipment.

In providing type setting machines, most publishers use either the Linotype or the Intertype, with special equipment such as the Ludlow Typograph, the Elrod caster, and the Lanston Monotype for casting advertising faces, heads, slugs, and rules. Some small plants use the Linograph. The various kinds of typesetting machines may well be mentioned, although it is not within the province of this work to treat of the mechanics of newspaper making, but rather the economics to be applied to newspaper production.

The Lanston Monotype, which casts individual types, is excellent equipment for certain classes of book, magazine, and tabular work, but the process required for putting the work through both the keyboard and caster units of the machine makes it less practical for straight newspaper work, experience has proved, except for special work in casting type faces and in setting certain advertising copy.

There are three principal slug-casting machines, the Linotype, the Intertype, and the Linograph. The Linotype, invented by Mergenthaler, enjoys an enviable history in both American and European plants as an essential unit in the newspaper composing room. The Intertype, however, has many merits and is widely used, although its manufacturers have not placed as many machines, naturally, as the Mergenthaler Linotype Company.

In this chapter "linotype" will be used to designate slug-casting machines.

In equipping a newspaper plant or in re-aligning the plant operation it is necessary to know how many typesetting machines are needed. To find out how many typesetting machines of the

class of the Linotype or Intertype would be required for a newspaper of a given size and circulation, it may be assumed that one capable operator, with no machine trouble, will set two typical newspaper columns an hour. While an operator working on newspaper text would be unlikely to maintain this rate, the display compositor would likely set more than enough type to fill two columns when properly spaced out, thus making an approximate average of two columns per hour for each compositor.

The number of machines naturally varies according to the number of shifts as well as the number of columns to be produced daily. But it is unwise to figure on a close margin, for machine trouble or other interruption often arises. Another factor to be regarded is the question of uniform flow of copy. There are slack periods with little or no copy, and then rush periods when a large amount of copy must be set within a short time. Afternoon newspaper publishers must have sufficient typesetting machine capacity margin to meet rush periods, characteristic of afternoon newspapers.

The number of linotypes required for a daily newspaper with a circulation running from 3,500 to 20,000 depends upon the number of pages and the number of working shifts of operators. An eight-hour shift may be presumed. By the following table an estimate of the number of Linotypes or Intertypes could be obtained:

OUTPUT OF TYPESETTING MACHINES

Number of Machines	Number of Pages Set per Day with One Shift	Number of Pages Set per Day with Two Shifts
1	2	4
2	4	8
3	6	12
4	8	16
5	10	20
6	12	24
7	14	28
8	16	32
9	18	36
10	20	40

From the chart it can be seen that a four-page paper, using double shifts, would need one machine and that a ten-page paper, using a single shift, would require five machines. However, in either case there would be little provision for an emergency. To carry a load safely, the composing room should be prepared for emergencies. Papers issuing Sunday editions must have machines enough to carry the load of special sections, which are, of course, printed during the week in addition to the regular daily editions.

What can be accomplished with limited equipment has been shown in the experience of numerous Florida newspapers, which in summer have a smaller circulation than during the height of the winter season. One Florida newspaper several years ago produced a four-page newspaper with a circulation of more than 2,000 in the summer and in the winter published a twelve-page newspaper with more than double its summer circulation. By careful management, this paper used only two linotypes and a cylinder press.

The composing room always seems to present difficult problems, for the satisfactory performance of other departments depends in a large degree upon its efficiency, which is affected by layout, type and condition of equipment, and direction of both men and machines. If a plant does not possess flexibility to meet changing conditions from week to week, or day to day, loss of business is likely to result. The newspaper which normally produces an eight- or ten-page paper should be equipped to carry a production load of eighteen or twenty pages, a number which might easily be required for such a newspaper on or before popular shopping days and during the holiday period.

In setting the Linotypes, proper provision should be made for floor space. If the Intertype is used, approximately the same space provisions are required.

The over-all width necessary in placing a Linotype varies from 5′ 1″ to 7′ 3″ depending on the model and whether the model is a 30 or 42 em type machine. It is recommended that there be at least 1′ 8″ space between adjacent machines and at least 1′ 6″ between the wall and the machine so as to give room to make adjustments and repairs. This recommendation

is in accordance with the instructions of the Mergenthaler Linotype Company.

In discussing a well-designed plant as one of the important factors of organization in Chapter II, it was pointed out that in large plants the linotypes should be arranged so that the operators sit facing the outside of the room, or with their backs toward the center of the room, making it possible for the foreman to observe easily every operator and his machine. An advantage of this arrangement is that operators do not suffer the peculiar keyboard glare incident to the combination of day and artificial light, a glare present when operators sit with their backs to outside exposure but are forced to use artificial lighting in order to read the copy to be set.

In small plants, however, it is customary to make use of daylight for operators. Artificial light cannot equal daylight at its best, but daylight is not always suited to linotype operation. Some days are cloudy. Light varies with the season of the year. Artificial daylight equipment has been produced that makes composing-room lighting conditions uniform and satisfactory. Manufacturing conditions are such that dependence cannot be placed on the uncertainties of natural light.

Linotype operators should never be forced to face the light. Operators may be faced toward the source of light, but provision should be made so that the light does not shine into the operators' eyes. To tolerate bad conditions of lighting is to promote inefficiency.

Galley dumping tables should be placed near the linotypes, convenient for all operators. The proof press, correcting banks, and receiving tables should be placed in order, with the location of each depending upon the layout of the room and the position of the other equipment.

Proof readers should be near the proof press and the ad alley. The copy cutter should be near the linotype operators. In a small plant one workman might serve both as copy cutter and ad foreman. Display typesetting machines should be near the advertising composing department.

Receiving tables require liberal space, as do also the correcting banks and the dump. Provision should be made for adequate

storage if considerable time copy is set and held. Aisles must be roomy so that make-up trucks can be moved without difficulty. In the average working day, the make-up trucks handle oftentimes as much as a ton of metal.

It has been found that composing-room costs run from four to six cents a minute per man. Costs are raised or lowered as the efficiency factor varies. Delayed editions, missed schedules of mailing, and general plant inefficiency result from unskillful composing-room direction. The newspaper can be no more efficient than its composing room. If this department is to be managed economically, steps cannot be wasted. The foreman should be placed so that he can supervise all machine operators, hand compositors, and make-up men. That the foreman's time may be saved, pneumatic carriers should be within easy reach.

The old system of single types forced on newspaper plants definite restrictions, but with the advent of the Lanston Monotype and the Ludlow Typograph there is seen the elimination of all such relatively crude methods. Through the use of these units machine composition may be used in setting advertising display, thus speeding up the day's work and eliminating distribution of individual types.

Stereotyping Equipment

Problems of safety, heat insulation, and ventilation are peculiar to the stereotyping room. To make for safety, the foundry floor should be covered with sheet steel. Double asbestos walls are desirable. There should be ventilators of generous size over the stereotyping furnaces, with provision sufficient for fumes to be carried off quickly. A ceiling exhaust fan is of value.

There are several makes of stereotyping machinery, such as that manufactured by the Goss Printing Press Company, R. Hoe & Company, Wood Newspaper Machinery Corporation, and the Duplex Printing Press Company.

Standard stereotyping equipment generally includes a matrix rolling machine, steam drying press, casting box or foundry, and plate finishing equipment.

On small dailies, of course, the printing is done directly from the type set by the typesetting machines instead of from stereotyped plates. For a newspaper with a small circulation it is uneconomical to equip the plant with stereotyping machinery, especially if the number of pages printed is low. When a newspaper has a circulation of 6,000 to 8,000, with an average of twelve to sixteen pages, the Duplex Tubular press with stereotyping equipment may be recommended.

Press Room Equipment

Printing press equipment must vary with individual needs. Fortunately, there is a wide selection of excellent machines, among the better known of which are those of R. Hoe & Company, Walter Scott & Company, Goss Printing Press Company, Duplex Printing Press Company, and the Wood Newspaper Machinery Corporation.

The selection of presses must be made between those using semicircular or tubular plates. The Goss and Hoe companies, for example, manufacture semicircular plate equipment, while the Duplex company has specialized in the tubular press plate model. The Duplex company also manufactures semicylindrical models.

For newspapers of small circulation, with an average of eight pages an issue, the Goss "Comet" or the Duplex flat-bed press makes profitable equipment. The Goss "Comet" flat-bed web perfecting press has a capacity of 3,500 papers an hour.

The Duplex Tubular, which is proving popular, is excellent press equipment, having the advantage of producing twice as many papers with the same web speed and of being easily adjustable for two page additions throughout its range from minimum number of pages to maximum number. This press is efficient and flexible, printing 4, 6, 8, 10, 12, 14, 18, 20, 22, or 24-page papers satisfactorily at a maximum speed of 30,000 papers an hour. Thus a newspaper with a circulation of 7,500 could be printed in fifteen minutes, although it is unlikely that a foreman would run his press at top speed every day.

A Hoe Simplex 32-page rotary web perfecting press, printing 30,000 papers an hour of 4, 6, 8, 12, or 16 pages, with sheets

all inset, is economical equipment for the publisher whose circulation warrants a press of that capacity. This same model Hoe press will print 15,000 newspapers of 12, 16, 20, 24, 28, or 32 pages, each composed of two collected sections. Such a press ordinarily delivers papers folded to half size and counted in lots of fifty.

Accessory equipment should be handy to use and conveniently placed. For example, if ink barrels equipped with faucets are placed on a shelf, ink fountains on the press can be filled by gravity. Small chain hoists are handy for such purposes as lifting the ink barrels to their position on the shelf.

A hand paper cutter at the end of the press is useful for cutting waste from the rolls, or for cutting off sheets for regular office use. With a rewinding wheel waste from the paper roll can be easily handled. Cabinets with suitable racks should be placed on the wall near the presses for extra press rollers, as well as tools.

The press, composing, and stereotyping rooms should have easily reached washroom facilities, as well as adequate locker space for the use of employes.

Mailing Room Equipment

Another unit in the process of manufacture which should have a flow of production equal to that of the composing and press rooms is the mailing room. There was a time in newspaper development when the separate newspaper folder was used, but modern web presses with attached folders have displaced in most cases the separate folder.

The best arrangements, especially on newspapers with fairly large circulations, are to have papers conveyed as folded units directly to the mail and delivery rooms, thus effecting a considerable saving in labor costs. Automatic equipment addresses and wraps "single wraps" for mailing. For local distribution bundles of papers are fastened by mechanical wire binding machines. Conveyor belts and chutes aid in distribution to trucks going to stations and delivery posts.

Whether a newspaper is large or small, it should have adequate mailing equipment. Small newspapers would not find

it economical to have equipment out of balance with their circulation, but nevertheless attention should be given to the most expeditious handling of papers coming from the press. Tables in front of the folder attachment are useful on small newspapers. These tables should be mounted on casters so that they can be easily moved and should have hooks underneath the ledges so that mail sacks can be attached. Wrapping paper and twine should also be conveniently placed for the men handling the mailing.

Provision needs to be made for an enclosed office where the clerk checking out papers can keep proper records. A carriers' room should be provided so that boys will not disturb the regular full-time employes in the press and mailing rooms. If possible the carrier entrance should be separate from all other entrances and if club quarters are used, the entrance to these quarters should be direct from the room where the carriers receive their papers.

Varied equipment for the handling of addresses is available, such as the special Addressograph and the Speedaumatic multi-mailer system. In light of its advantages the owner of a newspaper of moderate size cannot afford to be without such equipment. Addresses can be more economically handled with special addressing machines on newspapers of fairly large circulation. An inadequate system for filing subscribers' names and for addressing papers is unprofitable.

By the use of modern addressing systems, errors are reduced and corrections easily made.

Cost of Equipment

The cost of newspaper equipment has advanced in recent years, but advances in price have not been the only source of financial pressure brought upon the publisher. The demands of the times have made it necessary to have more and better equipment.

While it would be impossible to give actual prices of equipment for different types of plants, the writer wishes to give the results of a study made by Burton T. Burritt, a special student in his class in newspaper management.

Mr. Burritt made a special study of the equipment necessary for a newspaper with a circulation of 5,000. It was the aim to suggest model equipment for such a plant, although in the actual outfitting of a plant there would necessarily be many variations. It should be noted that since this special study was made by Mr. Burritt, there have been numerous price fluctuations; in some cases prices might be 10 per cent higher than noted.

The choice of equipment was made on the basis of minimum, medium, and maximum requirements, with total costs as follows:

Minimum	$25,000
Medium	$60,000
Maximum	$90,000

These equipment plans are shown in the following charts:

CHART 1

Cost of Minimum Equipment

3 Linotypes:	
1 Model 14, 3 magazines and auxiliary, with motor	$4,625
2 Model 8, 3 magazines, with motor	8,750
Miller Linotype Saw, approximately	350
Linotype accessories, linotype metal furnace, foundry type, sticks, galleys, frames, tables, proof press, page trucks, storage racks, mailing equipment, etc	4,775
Goss "Comet" Flat-Bed Perfecting Press	6,500
	$25,000

CHART 2

Cost of Medium Equipment

5 Linotypes:	
3 Model 14, 3 magazines and auxiliary, with motor and electric pot	$14,625
2 Model 8, 3 magazines, with motor and electric pot	9,250
10 Split Magazines, with matrix fonts	2,350
Stevenson Furniture Mold	350
Elrod Slugcasting Machine, with motor	1,500
Miller Linotype Saw, with motor and jig saw attachment	700
Linotype accessories, linotype metal furnace, foundry type, sticks, galleys, frames, tables, proof press, page trucks, storage racks, mailing equipment, etc	11,225
Press, 16-page, with stereotyping machinery, approximately	20,000
	$60,000

CHART 3

Cost of Maximum Equipment

7 Linotypes:	
1 Model 22, 72 channels, 3 magazines and auxiliary, with motor, electric pot, and Mohr Lino-Saw	$5,460
2 Model 14, 3 90-channel magazines and auxiliary, with motor and electric pot	9,750
4 Model 8, 3 90-channel magazines, with motor and electric pot	18,500
25 Split Magazines, with matrix fonts	5,875
Stevenson Furniture Mold, approximately	350
Ludlow Typograph, with motor, 22½-em mold, and electric pot	1,650
40 Standard Matrix Fonts	2,550
Accessories for Typograph, approximately	555
Elrod Slugcasting Machine, with motor	1,500
Miller Linotype Saw, with motor and jig saw attachment	700
Linotype accessories, metal feeders, linotype metal furnace, 1 cabinet foundry type, sticks, galleys, frames, tablets, electric proof press, page trucks, storage racks, etc.	12,110
Press, 24-page, with stereotyping machinery, approximately	30,000
Speedaumatic Mailing System, approximately	1,000
	$90,000

This maximum equipment recommendation presumes a newspaper for which relatively quick expansion may be expected.

Wages

As in other industries, labor is the most costly item in newspaper production. While considerations of *esprit de corps* and employe welfare have been considered elsewhere in this study, it would not be amiss to give the student of journalism and the prospective newspaper manager or owner some idea of wages necessary for the mechanical departments of the paper. Comparisons can be made between these average figures and the wages in any particular plant so that the present publisher can see whether his plant is or is not in line with the average over the country.

The following table shows selected union rates of wages per hour for the newspaper business in representative cities of the East, Middle West, and Far West.

WAGE SCALES

Revised
January 1, 1937.

City	Population	Hours		Hourly Rates	
		Day	Night	Day	Night
Union Typographical Scales					
Hartford, Connecticut	164,072	37½	37½	$1.110	$1.180
Superior, Wisconsin	36,113	37½	35	1.000	1.070
Long Beach, California	142,032	40	40	1.162	1.237
Union Pressmen Scales					
New Haven, Connecticut	162,655	42	42	1.000	1.000
Superior, Wisconsin	36,113	37½	37½	.960	1.030
Long Beach, California	142,032	42	42	1.071	1.142
Union Stereotyper Scales					
New Haven, Connecticut	162,655	42	42	1.000	1.000
Bloomington, Illinois	30,930	48	48	.729	.770
Long Beach, California	142,032	40	40	1.125	1.200
Union Photo-Engraver Scales					
Worcester, Massachusetts ...	195,311	44	44	1.022	1.136
Superior, Wisconsin	36,113	40	40	1.250	1.350
Sacramento, California	93,750	40	40	1.375	1.500
Union Mailer Scales					
Albany, New York	127,412	45	45	.888	.966
Terre Haute, Indiana	62,810	40	40	1.087	1.125
Fresno, California	52,513	48	48	.812	.812

Number of Columns

The customary size of daily newspapers was for some time 7 columns with a width of 13 pica ems. The larger dailies have increased the number of columns from 7 to 8, at the same time decreasing the width of the columns either to 12½ or 12 pica ems. By increasing the number of columns, a newspaper on the same advertising rates can increase its advertising revenue ⅐ without the usual protest from merchants over an increase in rates.

If the increase in the number of columns is accompanied by a reduction in the size of paper rolls made possible by narrower columns and the use of dry instead of wet mats, the publisher can make further financial gain through the cutting of his paper costs.

While as yet considerable education is necessary among publishers on the use of dry mats, the time seems near, some engineers point out, when publishers will be willing to consider the cost of changing wet mat equipment for the dry mat system of making matrices.

To print 8 columns of 12-em width using wet mats and steam tables requires paper rolls 70 inches wide. With dry mats, papers of the same size can be printed from 68-inch rolls, thus effecting a saving of 3 per cent on paper bills, with the same percentage of saving on freight charges. The reason for being able to use narrower paper rolls is because of the cross page shrinkage secured through proper humidification and scorching with a dry mat such as that produced by the Wood Flong Corporation, a pioneer in the manufacture of dry mats.

CHAPTER XIII

FINANCING THE NEWSPAPER

Need for Financial Strength

Few business enterprises offer more satisfaction to those who engage in them than the newspaper business. But a newspaper is more than a business; it is a quasi-public institution, and no man or woman with only selfish motives has any right to engage in this field of human endeavor.

The first requisite in making a newspaper truly successful is that it shall be relatively independent so that it may be free from embarrassing financial, political, or religious alliances. Many a newspaper property has been ruined because of political incumbrance. "There are more real dangers," says H. F. Henrichs, a newspaper broker, "to the character and financial success of the newspaper than those arising from a mortgage of dollars and cents."

It is true that many newspapers are partisan politically. Some of them are successful. It is one thing, however, for a newspaper to be Republican or Democratic, but quite another to have the publisher shackled by local politicians.

As in all lines of business there are emergencies, and at such times the publisher needs sound financing. If he has adequate reserves, if his accounts receivable and accounts payable are in the proper ratio, his paper can weather a business depression and still be in an impregnable position.

A publisher may be more of an editorial man than a business manager; if so, he is wise to employ the best business executive obtainable, so that decisions may be made on a strictly business, rather than a sentimental, basis. Too many publishers, taking the country as a whole, have been willing to allow slipshod methods in business administration.

The weak newspaper dependent upon political favor for its success, is not the newspaper in which the public places its

trust. It is the newspaper that is sound in its standing financially, that can afford to be editorially conscientious.

Two Phases of Financing

There are two financial problems facing any newspaper: the first might be called the primary financial plan; the second, the secondary or working financial plan. In other words, to appreciate properly the financial problems of a newspaper organization, it is necessary to understand the corporate financing of the organization, whether it be a proprietorship, partnership, or corporation. And too, it is highly important that the newspaper, after it is initiated as a business concern, have the right financial, accounting, and administrative methods so that the organization may be kept on a dividend-paying basis.

Starting a Newspaper

In these days of high prices of equipment, labor, and supplies, the tendency is toward consolidation. Few newspapers are being founded, except in the very small fields. It is yet possible to start a weekly newspaper on a small amount of capital; but to launch a daily newspaper requires a thorough survey of the local situation and strong financial reserves.

One of the most important aspects of any newspaper development, whether a foundation or purchase, is an adequate field. A business man is unwise to enter a field with either a new publication, or with the purchase of an existing one, unless he is fully satisfied that the field is large enough for the continual growth and development of the property. The newspaper, like every other business, stays in business because it fulfills a public want. In investigating a field, the question, "Is there a real and growing need for this newspaper in this community?" must be answered. Local conditions must settle that question.

An Adequate Field

What might be considered an adequate field varies. Some examples may aid in showing the meaning of adequacy. If a town of 12,000, with a good contributing population, forming a trade basin ten miles square, has two thriving newspapers, it surely would be unwise to start another.

If a city of 50,000 has only one newspaper because the existing paper has absorbed all competitors, there may be an excellent opportunity for another newspaper. There may be enough dissatisfaction with the existing medium among the business men, the political parties, or the rival political party, and among the population generally, to warrant the foundation of a second newspaper. Such a case calls for large capital. Sufficient guarantees of advertising for a year ought to be in the hands of the promoters before publication begins.

There have been cases in which newspapers have been started on shoestrings and, with foresight, character, limitless enterprise, and hard work, have made good. But if the histories of some of these successes were followed, it would be observed that some of these publications were founded in relatively small fields, where large capital was not necessary. Newspapers have been started in small communities with borrowed capital and have been highly successful. In this class, perhaps no paper is better known than former President Harding's Marion *Star*. When young Harding started his paper, the newspaper needs of the community were not great. Both the capital required and the annual volume of business were relatively small.

Young men with nerve and foresight, if they have the proper training and character, may still build profitable papers under such circumstances. But to begin a newspaper, even in a community where there is need for another publication, without a thorough knowledge of the principles of sound financing, is the sheerest folly.

A few years ago, there seemed to be a demand for a strong evening newspaper in Kansas City, Kansas. The field was investigated and Senator Arthur Capper was invited to begin a newspaper enterprise in that city.

Kansas City, Kansas, is across the Kansas River from Kansas City, Missouri, which has a considerably larger population and three daily newspapers, The Kansas City *Star,* the Kansas City *Times,* and the combined Kansas City *Journal-Post.* In spite of feeble attempts to found and conduct newspapers in Kansas City, Kansas, the Kansas City, Missouri, newspapers were always able to regard the city on the Kansas side of the

river as a suburb, which indeed, it was. As the years advanced, the city on the Kansas side gained a population of approximately 100,000 and, therefore, many business interests distinctly its own.

The business men of Kansas City, Kansas, felt that there should be a strong newspaper in their town, and accordingly made overtures to Senator Arthur Capper, publisher of the Topeka *Capital* and a group of farm journals. Mr. Capper's decision was favorable, providing there could be guaranteed a certain amount of advertising and subsciptions. The business men and leading citizens of Kansas City, Kansas, backed the enterprise and the guarantees were given. As a result, Senator Capper purchased one of the unsuccessful papers already in operation and began the publication of a new or rejuvenated newspaper, The Kansas City (Kansas) *Kansan.* The paper is successful in spite of the competition of the larger newspapers across the river.

Capper was able to do this because he had sufficient guarantees before he began the publication of the *Kansan;* he knew his territory, and moreover he had capable executives who were familiar with the administration of a newspaper property. Even in a field that seemed to be well taken care of, he began the operation of a profitable newspaper. It must be remembered, too, that in addition to the advantages already mentioned, Senator Capper was sure of his finances. He had adequate financial reserves and a high credit standing. Because of his success in other publishing fields, the business men of Kansas City, Kansas, were willing to make inducements to him that probably would have been made to very few other individuals.

Capital Necessary

The amount of capital necessary to start a newspaper depends upon a number of factors, the size of the community, the size of the prospective newspaper, the type of equipment, and the length of time required to place the enterprise upon a paying basis. Circumstances vary, and so no definite answer can be given on this question. A few facts, however, may be enlightening.

Assuming that a new paper, in a town of 12,000, rents a building on a five or ten year lease, the cost of starting a paper and of running the business for three months may be roughly estimated as follows:

Press	$6,500.00
3 linotypes	13,325.00
Saw trimmer	350.00
Other press room equipment, including type, etc.	5,000.00
Front office equipment, desks, typewriters, etc.	2,000.00
Supplies including stationery	700.00
Paper (newsprint) and ink to last three months	1,500.00
Pay roll reserve for 18 persons, editorial, business and mechanical workers at average wage of $50 weekly for thirteen weeks	11,700.00
Total	$41,075.00

It is assumed that this paper prints eight pages six days a week and has a daily circulation of 3,500 copies.

The foregoing estimate does not make provision for job print equipment, which would most certainly be included in plants printing a newspaper of less than 4,000 circulation. If job equipment were added, the cost of equipment would be increased several thousand dollars.

The total would, therefore, run to a figure between $40,000 and $45,000. Some of the funds could come from income—subscription and advertising. But it must be remembered that there would be a heavy promotion expense in obtaining the guarantees for subscription and advertising contracts.

If the field were such as to demand a newspaper, which might be the case if there were but one newspaper poorly edited and managed in the town, and if sufficient guarantees were obtained for a circulation of 2,500 and for advertising contracts totaling for a twelve month period $40,000, the enterprise would have a sound financial foundation. Its success would depend upon wise management and excellent editorial service.

Financial Plan of the New York *Times*

The plan used by Adolph Ochs, when he purchased the New York *Times,* illustrates the methods used in underwriting publications of larger scope.

A company was organized, known as the New York *Times* Company, with 10,000 shares of capital stock of $100 par value each and $500,000 in 5 per cent bonds. The million dollars in stock of the former company owning the *Times* was taken up by giving in exchange 2,000 shares of the new company.

The property was involved in debt which was paid dollar for dollar with $300,000 of the 5 per cent bonds. The remaining $200,000 of bonds Mr. Ochs sold at par for cash, by giving to every purchaser of a $1,000 bond 15 shares of stock as a bonus. This transaction accounted for 3,000 shares, of which Mr. Ochs obtained 1,125 shares through the purchase of $75,000 worth of these bonds.

As was stipulated by the articles of incorporation, Mr. Ochs received 3,876 shares of capital stock in escrow as compensation, giving him a total of 5,001 shares of stock and consequently the controlling interest. The granting of the compensation of 3,876 shares was to take place only after the company had been on a paying basis for three consecutive years.

Shortly after Mr. Ochs assumed charge of the *Times,* the stock was valued at but ten cents on the dollar. To-day the *Times* is one of the strongest publishing properties in the United States.

It will be noticed in checking the number of shares sold, that Mr. Ochs had 5,001 shares, purchasers of $125,000 worth of the $200,000 worth of bonds received 1,875 shares, and former stockholders, 2,000 shares for stock in the old company, making a total outstanding stock of 8,876 shares. The remaining 1,124 shares were either sold to the public or held for future sale.

With but $75,000 in cash and a rich newspaper experience obtained in building up the Chattanooga *Times,* Mr. Ochs was able to effect the purchase of what has become an exceedingly profitable newspaper.

Financing of the Chicago *Daily News*

Following the death of Victor Lawson, publisher of the Chicago *Daily News,* the paper was sold to a group of former executives on the paper through an interesting financial plan, supported by a stock sale to business men and a debenture bond issue, convertible into preferred stock, to the public.

The $8,000,000 ten-year 6 per cent sinking fund gold debentures were the direct obligation of the Chicago *Daily News,* Inc., which acquired the Chicago *Daily News,* with the exception of certain real estate and investments held by the Lawson estate. The proceeds of the debentures were used toward the purchase of the *News* from the Lawson interests.

The capital of the new company consisted of an authorized issue of 150,000 shares of preferred stock of no par value of which 60,000 shares were immediately issued, 80,000 shares reserved for sale pursuant to stock purchase warrants issued in connection with the debenture bond issue, and 10,000 shares set aside for future needs of the company, and an issue of 400,000 shares of common stock of no par value. The combined preferred and common stock had a net worth of $10,000,001.80, which was junior to the $8,000,000, the principal amount of the debentures.

Arrangements were made for the redemption of the debentures in whole or part at any time on thirty days' published notice at the price of 105 and accrued interest, up to and including December 31, 1926, and thereafter at the call price diminished by one-half of 1 per cent from the first day of January of each succeeding year.

These debentures carried warrants entitling the holders thereof to purchase preferred stock of the company, on or before January 1, 1931, in the ratio of one share for each $100 principal amount of the debentures at $100 per share and accrued dividends in cash or debentures at their principal amount and accrued interest. The preferred stock was exempt from personal property taxes when held by residents of Illinois and was entitled to cumulative dividends at the rate of $7 per share per year and redeemable at $105 per share with accrued dividends and entitled to preference on liquidation. The

cash proceeds of the purchase of preferred stock under the warrants were to be added to the sinking fund and used for the retirement of the debentures.

By covenant the company by trust agreement stipulated among other things, that while the debentures were outstanding it would place no mortgage upon its assets or any part thereof, except that it might mortgage a leasehold on a separate piece of real estate or other real estate afterward acquired for the purpose of financing the construction of a building thereon and that it would not create any debt maturing more than one year from its creation, except that it might purchase machinery and supplies upon terms of credit which would not exceed one year and that it might not acquire property subject to a purchase money mortgage or existing indebtedness subject to certain restrictions set forth in the indenture.

A sinking fund plan was formulated by which the company deposits with the sinking fund fiscal agents, $250,000 on December 31, 1926, and December 31, 1927, and annually thereafter a minimum amount of $250,000 payable semiannually on June 30 and December 31, and in addition annually beginning March 31, 1929, an amount equal to 25 per cent of net earnings, as defined in the trust agreement, for the previous year. The amounts so deposited were to be used for the retirement of debentures.

At the time of the financing, the net profits, after depreciation and Federal taxes, from property to be acquired, averaged annually for the four years and nine months ending September 30, 1925, $1,497,625.08.

The circulation, good will, Associated Press franchise, and reference library were valued at $12,000,000. The balance sheet of September 30, 1925, as adjusted to give effect to the financing plan showed total assets, after deducting all liabilities except the debentures, of $18,000,001.80. The net current assets were $2,485,047.42.

To give a better idea of the plan, the company balance sheet of September 30, 1925, giving the effect, as at that date, to the financing and transactions in connection therewith, is reproduced here, as follows:

THE CHICAGO DAILY NEWS, INC.

BALANCE SHEET AS AT SEPTEMBER 30, 1925

ASSETS

PLANT AND PROPERTY:		
Central Union Building Leasehold at Market and Madison Streets, as appraised	$406,461.54	
Barn, Garage and Auxiliary Press Room at 222 South Racine Avenue, as appraised	320,016.00	
Machinery and Equipment, less Depreciation	506,063.40	
		$1,232,540.94
CIRCULATION, GOOD WILL, ASSOCIATED PRESS FRANCHISE, AND REFERENCE LIBRARY		12,000,000.00
INVESTMENTS:		
Marketable Securities	$198,532.00	
Affiliated Company	1,005,000.00	
Sundry Investments	19,735.00	
		1,223,267.00
CURRENT ASSETS:		
Cash	$956,033.67	
Accounts and Notes Receivable, less Reserves	1,449,216.28	
Print Paper and Supplies on Hand	878,219.06	
Miscellaneous	93,434.20	
		3,376,903.21
DEFERRED CHARGES, INCLUDING DISCOUNT ON DEBENTURES		1,336,000.54
		$19,168,711.69

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:		
Accounts Payable	$703,456.30	
Accrued Taxes	188,399.49	
		$891,855.79
SPECIAL FUNDS AND RESERVES		269,188.89
DEFERRED CREDITS		7,665.21
TEN-YEAR 6% SINKING FUND GOLD DEBENTURES		$8,000,000.00
CAPITAL STOCK:		
Preferred—$7 Cumulative, no par value—		
Authorized 150,000 shares		
Reserved for Exercise of Warrants and Corporate Purposes 90,000 shares		
Outstanding	60,000 shares	
Common—no par value, Authorized and Outstanding	400,000 shares	10,000,001.80
		$19,168,711.69

Sale of the Kansas City *Star*

Within two years following the death of the last survivor of his immediate family, which consisted of his wife and daughter, the Kansas City *Star* and the Kansas City *Times* were sold under the terms of the will of their former owner, the late William Rockhill Nelson. The sale was made by the trustees of the Nelson estate to a group headed by Irving Kirkwood, son-in-law of Colonel Nelson and at the time of the sale publisher of the *Star,* and A. F. Seested, business manager of the *Star.* The purchase price was $11,000,000. The purchasing group assumed all current liabilities and agreed to the following payments on the purchase agreement: $500,000 deposited with the offer; $2,000,000 on the transfer of the properties, and $8,500,000 at 5 per cent, payable not less than $675,000 per year in quarterly payments, said $675,000 to include interest, all secured by a mortgage on the property.

By this sale the valuable property was retained by the group that helped to upbuild these newspapers into one of the most influential publishing units in the country. This sale to a group of employes was similar to that of the Chicago *Daily News.*

Other Newspaper Sales

Some other important newspaper sales and the prices paid for the respective properties, as reported by the *Editor and Publisher,* were as follows:

Detroit *Journal* in 1922 sold by H. S. Talmadge and associates to Detroit *News* for $1,000,000.

New York *Globe* in 1923 sold by Arthur T. Walker to Frank A. Munsey for $2,000,000.

New York *Herald* and Paris edition of the New York *Herald* in 1924 sold by Frank A. Munsey to New York *Tribune* for a sum in excess of $5,000,000.

New York *Sun* and *Evening Sun* in 1916 sold by William C. Reick to Frank A. Munsey for $3,000,000.

Philadelphia *North American* in 1925 sold by Wanamaker interests to Cyrus H. K. Curtis for $1,700,000.

Pittsburgh *Press* in 1923 sold by Col. O. S. Hershman to Scripps-Howard interests for $6,000,000.

San Francisco *Bulletin* in 1924 sold by R. A. Crothers to C. S. Stanton and associates for $1,000,000.

Tampa *Tribune* in 1925 sold by Col. W. F. Stovall to local interests for $1,250,000.

Worcester *Telegram* and *Gazette* in 1925 sold by William T. Ellis to George Booth and associates for $2,000,000.

Northcliffe interest in London *Daily Mail, Evening News, Weekly Dispatch,* and *Continental Daily Mail* sold by Lord Northcliffe estate to Lord Rothermere for £2,000,000, or approximately $10,000,000, it was reported at the time of the sale. John Walter and Major Astor, it was authoritatively stated, paid £1,390,000, or approximately $7,000,000, for the Northcliffe holdings in the London *Times.*

Details of these sales varied, making it important to have a complete analysis of the sales contract and the financial plan in order to determine the value of good will and price of the physical plant. Some newspapers are bought to be continued while others, such as the Philadelphia *North American* and the Detroit *Journal,* were purchased to be consolidated with other publications.

The sale of the Toledo *Blade* to the Paul Block interests was effected through the sale of $4,300,000 ten-year collateral trust 6¾ sinking fund gold notes by the Consolidated Publishers, Inc., an organization including the Newark *Star-Eagle,* the Duluth *Herald,* the Lancaster (Pennsylvania) *New Era,* the Toledo *Blade,* and Paul Block, Incorporated. In underwriting these securities there is seen the tendency for bankers to have increasing faith in newspapers as sound business institutions.

The tendency of the investing public to be interested in newspaper enterprises may be appreciated through the following statement made by Albert Frank & Company, financial advertising agency:

> Although the business of newspaper publishing is one of the oldest American institutions and one that has attained the highest degree of efficiency and profit in the United States, it is one of the few industrial enterprises of the nation with which the American investing public has had little contact.
>
> Until a few years ago, as a matter of fact, newspaper financing was an unknown quantity in our country, except for occasional participations in shares or short-time financing of local newspapers.
>
> In England, on the other hand, the investing public long has dealt in common and preferred shares and mortgage bond obliga-

tions of newspaper publishing enterprises. Shares approximating $100,000,000, including such important metropolitan newspapers as the London *Express,* Liverpool *Post, Daily Mirror,* Irish *Times,* and *Country Life,* are dealt in on the London Exchange, some of them for a period of more than 25 years, while mortgage bond obligations of English newspapers totaling about $30,000,000 now are listed in the London Exchange.

Two large issues of bonds, secured by the Chicago *Daily News* and the Hearst Publications, have been offered to the American public in the last few years. But there are other indications more significant that point toward the adoption of the English point of view toward newspaper financing in our own country, according to an official of Palmer, DeWitt & Palmer, nationally known brokers of large newspaper properties and experts in newspaper values:

"In the first place, large newspaper properties are no longer operated as personal and political organs of an individual or a group of individuals," this authority points out. "And, in the second place, American bankers are becoming educated to the peculiar financial structure of newspaper properties.

"American bankers always have been reluctant to finance newspaper publications on the ground that good-will values were not easily appraisable or marketable. As a matter of fact, the good-will value of newspapers is worth many times the physical assets, and it has been demonstrated many times in our experience that the good-will value of a newspaper may be sold as a separate entity from that of its physical assets and accounts receivable.

"Recently the oldest of three evening newspapers in a small city, the capital of its state, was offered for sale. The building was purchased by a local manufacturer. The presses and other equipment were sold to different newspapers in other cities. The good will of the publication, however, was sold for a much higher figure than that derived from the physical assets. As a matter of fact, the good-will value of a publication is more saleable and more easily marketed than are the building, machinery, and other equipment necessary to publication.

"American bankers now are beginning to recognize the good-will value of newspapers as a marketable asset, and one they can legitimately finance. With this recognition and the interest now being displayed by bond houses, we may expect to see remarkable strides made in newspaper financing in this country within the next ten years. It is, moreover, a logical development in view of the great value represented by some of our large newspaper properties that have been built up within the last twenty or thirty years.

"That newspapers have come to be considered a reliable form of investment is shown very positively in the sales of the Chicago

Daily News and the Kansas City *Star* properties, in that each of these properties was not only sold for a large figure but that in each case there was also a large number of additional offers."

The significance of the value of good will in estimating the worth of a newspaper is clearly shown in the balance sheet of many of the publicly owned newspaper properties in England, in several instances exceeding their ordinary capitalization and surplus. The Sunday Pictorial Newspapers, for example, list their good will at £749,991, while they have outstanding £750,000 of ordinary shares and £500,000 shares of 8 per cent cumulative preference stock. The Financial News, Ltd., has total assets of £300,000, of which £198,232 are represented by the item of good will. It has outstanding £150,000 5 per cent cumulative preference shares, £50,000 6 per cent cumulative preference shares, and £50,000 ordinary shares. The Edinburgh *Evening News* has an outstanding capitalization of £200,000 and values its good will at £149,996. The Liverpool *Daily Post and Echo,* Ltd., lists its good will at £501,377, while it has outstanding only £400,000 ordinary shares and £200,000 5 per cent cumulative preference shares. From these figures it is apparent that good will comprises one of the most important assets behind the securities sold to the British public.

In any financing of newspaper properties, the experience of newspaper brokers both in appraisals and in planning the financial structure is of value. Based on his experience in financing newspaper and magazine properties, Henry F. Cannon of Harwell & Cannon, newspaper brokers, summed up the problem of newspaper finance as follows:

In financing a paper for further development, the field must first be considered carefully to determine whether the investment in question is warranted and whether a proper return on such an investment can reasonably be expected. It may easily be appreciated that the mere investment of money does not necessarily produce a newspaper success. In fact, there are numerous instances where money has been poured into a property to an extravagant degree, without producing a return, or even improving the standing of the particular newspaper in its field; this is because existing competition and the field in general were not fully considered in the beginning. On the contrary, there are many successful properties which have been built to a position of dominance, achieved through unusual management and a great amount of hard work, thus demonstrating that the mere question of money is not necessarily primary. Based on wide experience in measuring newspaper prosperity, it is

safe to say that the success of the average paper lies in its being financed and expanded through its own earnings after a given gross revenue has been reached. This success is realized through a careful consideration of the various items of expense and the wise expenditure of money, derived from gross earnings, in further upbuilding. Newspapers are frequently encountered which show a large annual earning, a part of which at least should have been put back into the property for development purposes. Any other course in the end is certain to produce an adverse situation, requiring refinancing. In other words, the property has been "bled" at the expense of its proper maintenance.

The financing for mergers or the further expansion of individual properties, where a real opportunity exists, is absolutely dependent upon conditions encountered. It is impossible for general rules to be laid down in lieu of sound business judgment, adequate investigation, and experience. In the problem of organization and securities, the financing of a newspaper property is not materially different from the financial treatment of any corporate interest.

Purchasing a Small Newspaper

The financial plan of a small city newspaper varies with circumstances and conditions; but for the purpose of illustration a hypothetical case may be given.

Let it be supposed that a newspaper in a small city can be purchased for $175,000. How much money would be required to control this property?

To meet the situation, the company taking over the property could be capitalized at $200,000, with $100,000 common and $100,000 preferred stock. The owner of $51,000 of the common stock would, of course, control the property in states where the preferred stock would not carry voting power unless the management failed to make the property pay dividends, in which case the owners of the preferred stock, under ordinary articles of incorporation, could share equally with the common stockholders in voting power.

The exact corporate arrangements would vary, naturally.

If the publisher himself controlled the $51,000 of common stock, how much actual cash would he have to place in the deal? Much would depend upon his backers, those who had confidence in him and in his ability to publish a paying newspaper.

By taking out an insurance policy for $25,000, made payable in case of his death to his backers, with $10,000 in cash, with the entire bloc of stock given to his backers as collateral, and with a note for $41,000, a young man could swing such a newspaper deal. The question of how little money would be required to finance control in such a newspaper, has been raised here because many young men interested in journalism do not appreciate the financial problems involved. They are eager to purchase a property in spite of the fact that, oftentimes, they are not wealthy or even in comfortable financial circumstances.

The Man Who Aspires to Newspaper Ownership

When one young man with considerable newspaper experience talked to a financial executive about the possibility of purchasing a newspaper, the executive replied that if the young man kept thinking and planning about newspaper ownership, a way would be evolved. While inspiration alone will not purchase a newspaper property, sound experience in both the editorial and business ends of the newspaper will go a long way to win the confidence of men who would be willing to finance, on a business basis, the purchase of a property.

If a young man interested in journalism will not confine his whole effort to the editorial side but will endeavor to understand the problems of business administration, he will be doing much toward preparing himself to reach his goal.

By working on successful properties, he will gain experience, receive promotion, if he deserves such recognition, and in addition will have an opportunity to save money for his long dreamed of enterprise.

If a young man sees that he cannot advance on a newspaper, it is well for him to survey his situation and to discuss it with his superiors. Many times, if a fellow has the right ambition, he will make no mistake in talking to the general manager or publisher himself. But if the young man finds that his advancement is slow, he may do well to look for another position.

It must be remembered, however, that presidents of many of our great corporations have gained their positions because of fidelity and enterprise in the interest of one company. It does

not pay to make changes unless one is certain that he can improve his rewards and opportunities.

On the other hand, many men find that, by making judicious changes, they broaden their experience, and by selling their services more frequently, they create, if they are really men of integrity and ability, a better market for themselves.

If the young man who wishes to own a newspaper, diligently prepares himself by studying both the editorial requirements of newspaper making and the principles of good business, he should not want for an opportunity to become a newspaper executive or the owner of a smaller newspaper. The opportunity exists for him who seeks and prepares.

Newspaper Valuation

When a young man asked a banker about the financing of a newspaper, the banker replied that the risks involved were great and that the proposition would need to be exceptionally sound if a large amount of financial assistance were necessary.

What this adviser said is true, for many cases are known in which successful publishers have endeavored to start either a morning or evening newspaper as a companion to an evening or morning newspaper and in which ventures large amounts of capital were sunk without profitable results. A case in point is not difficult to find.

Some years ago Victor Lawson, successful publisher of the Chicago *Daily News,* attempted to bring out a newspaper in the Chicago morning field. After large amounts of money had been spent, the *Morning News,* later known as the Chicago *Record,* the morning edition of the *Daily News,* was sold. In time the *Record* became the *Record-Herald* and finally was transformed through a series of changes to the Chicago *Herald-Examiner.*

When a successful publisher fails to enter profitably into another field in his own city, some idea of the risks in newspaper making may be realized.

The secret of this uncertainty and risk is, in part, that so much of the success of a newspaper depends upon good will or public acceptance. Another factor in a successful publish-

ing property is personnel; but even with an excellent personnel, public acceptance does not always follow.

The risk involved in entering the publishing business may be appreciated when this factor of good will is considered. Especially is the question of good will involved when it is desired to determine the value of a newspaper property.

In the main, the value of such a property rests on the same basis as the valuation of any other business, namely, its earning power. But because of the possible strategic value of a newspaper in politics or in holding down the growth of a third paper—as is the case when a strong morning paper carries an afternoon paper, in order that a rival afternoon paper may not become dominant in the race for circulation and advertising—a newspaper property may possess excess value. Even though a property may not be earning dividends at the time of purchase, it may possess possibilities of profitable development.

If a newspaper property holds a peculiar position in its field, as it would if it were the only morning paper in a city of 75,000 population, it may be much more valuable than would be indicated by the capitalization based on net earnings alone.

Or, a newspaper may have strongly entrenched relations with the local advertisers, or it may be fairly well regarded by the public, while its rival may be the object of the public's disapproval. Such factors as these affect the value of a newspaper property.

Appraisals of newspaper value may be made by several methods, three of which will be described.

Blanket Method of Appraisal

Here the theory is that the newspaper is worth $10.00, or possibly more, for each net paid subscription, plus the actual value of the plant, that is, the value of tangible assets over liabilities. Because of variable factors, this method of appraisal is not sound from a financial point of view.

Net Earnings Method

The valuation of good will can be easily determined by capitalizing the paper on the net earnings over a period of

years. If a property has earned, for example, $30,000 a year for five years, and if 15 per cent is regarded as a satisfactory return on the investment, the gross value, or the value of the stock to be issued, would be $200,000. From the gross value, the value of the net tangible assets, including the value of equipment, receivables over liabilities, etc., which may be assumed at $75,000, are to be subtracted, giving, therefore, the value of the intangible assets or good will at $125,000.

In determining the basis of payment for a property, it is customary to take an appraisement of all the physical assets, upon a uniform basis, and then to refer all differences of opinion to an experienced appraiser or to a committee composed of disinterested parties. Fortunately, there are in this country numerous newspaper brokers and publishers of wide business experience, available for work of this character.

Andrew Carnegie, in discussing valuation, once said that any company is worth the replacement value of its physical assets, plus the profits, or minus the losses, of the business for the three years just preceding.

Gross Earnings Method

A fair criticism of the net earnings valuation method is made by some business men on the ground that, if capitalization is made entirely upon the net earnings theory, no consideration is given to the possibility that profits may have been turned back into the business.

Likewise a showing of large profits over a period may simply have been made possible by a continual cutting down of expenditures for the proper maintenance of the property. Gross earnings are determined by subtracting the total operating expense for the year from the total operating revenue. Net earnings are determined after deductions are made for fixed and contingent charges, such as taxes, interest, and depreciation.

In the case of the newspaper property cited in the preceding section, the net income was $30,000 and, in the figures given, the gross income was undetermined. The fixed charges would vary in each case, but for purposes of illustration, it may be assumed that the fixed charges would be $20,000, making a

gross income of $50,000. If the valuation of the property, according to the net earnings theory, were correct, the valuation of good will would be two and a half times the amount of the gross income.

Valuation Tested by Experience

Arthur Robb, writing in the *Editor and Publisher,* gives the following summary of valuation methods:

While newspaper economists are agreed that there is no universal rule for computing the value of newspaper good will, each property transfer requiring independent investigation of all local factors, the following have for 15 or 20 years been accepted formulæ:

1. Value circulation and good will at $10,000 per thousand of circulation. Many instances exist where this rule gives no index to the true earning power and good will value of newspapers with small circulations but of long and high standing as advertising media.

2. Value circulation and good will at the total amount of gross receipts from advertising and circulation for the past 12 months. Add the excess of current assets over liabilities, plus the replacement value of plant, machinery, and equipment.

3. Value circulation and good will at the amount which the net earnings capitalized at 10 per cent for the year in question will bring. Add the excess of current assets over liabilities, plus replacement value of plant, machinery, and equipment.

4. Take the average of the above three methods.

With regard to the second method, many experts advise that the gross earnings be averaged over a period of five or more years to preclude the possibility of basing the value on an abnormal twelve-month.

Another cardinal point in valuation is insurance that the circulation lists and circulation income are well established and not the fruit of a recent campaign which swelled cash receipts for the present but may not be paralleled in subsequent years.

Depreciation

The unfortunate feature of many newspaper enterprises has been that the publishers have been editors only, with little or no appreciation of how to keep their business upon a proper financial basis. In many cases, little attention has been given to the building up of reserves to take care of depreciation of the physical property.

Any physical property decreases in value and if the property, as a whole, is to be maintained upon an efficient basis, provision must be made for declining values and serviceability of the newspaper plant.

Depreciation of a property may be caused by deterioration in physical condition, by obsolescence, by adverse business conditions, or a declining market, and by destruction by accident. Unless the publisher hedges his business against such contingencies, he is flirting with disaster.

The newspaper plant needs constant attention, so that repairs may be made without unnecessary loss of time and without further losses caused by worn or broken parts. A worn-out motor on a linotype machine gives constant trouble and causes losses of productive time on the part of both machine and operator. Eventually, the publisher pays for such losses through decreased profits.

In purchasing a newspaper property, the newspaper man would be unwise if he did not employ competent, independent accountants to check the financial record, in order to determine if the proper reserves to offset depreciation had been accumulated.

Income and Expenses

In the early days of newspaper publishing in this country, the principal income of many of the first dailies arose from circulation revenue, augmented by income from job printing. This was, of course, before the advent of national advertising as we know it to-day. Records are meager on this subject and, so far as the practical aspect of newspaper making to-day is concerned, such records are not of great value. The fact most important for the young publisher to-day to know is what income may be expected from advertising and circulation under given conditions of business.

The old-time publisher went ahead, taking his profit at the end of the year—if there was anything left over after all expenses had been met. The whole theory and practice of good business to-day is to predetermine what profits may be expected. The publisher has to contract ahead for supplies and labor. On

the basis of his expected total expenses and his probable income, based on the records of previous years, he ought to be able to know what his profits for the year will be. If he finds, by thus estimating, that he is not obtaining enough profit to reimburse him for the risks of the business, he ought to revise his advertising rates or cut his expenses.

Publishers are awakening to the needs and possibilities of *knowing* their business and what it will do. The pilot, before taking charge of a vessel of either large or small displacement, knows not only the channels but the ship and what it will do. In the same way the publisher ought to know the interior of his business as well as the exterior; he should have carefully formed ideas as to future business conditions that might affect his business, as well as of present conditions.

In the period following 1900, publishers were told that they were bad business men. Many of them admitted the charge, and fortunately for them, began to appreciate their shortcomings and find ways of remedying them. Those who did not are probably out of the newspaper publishing business, and their papers are either suspended or form a part of some newspaper consolidation.

Publishers have learned the need of budgetary control and many of them are practicing it. Arthur T. Robb, Jr., writing in the *Editor and Publisher,* March 24, 1923, says:

> Witness the case of the publisher of a western group of half a dozen dailies, who at the beginning of 1922 predicted within $3,000 the total profits that his group would make during the year. That wasn't guesswork. It was calculation and control of affairs, of the kind that took Jules Verne's professor around the world in 80 days. It was engineering of the kind that enables a battery of artillery to smash an unseen target ten miles away. It was scientific assaying of the income of those papers and its allotment in outgo of the various departments, according to percentages determined by experience and adhered to, despite pressure from the men on the line for "just a little more leeway" every now and then. It was a triumph of budgetary control.
>
> The basic point is that made by Mr. E. W. Scripps years ago that no matter how good a newspaper you published, you couldn't continue to do so, or to be a factor in the community, unless that newspaper produced a profit to support you, after paying all its

legitimate expenses. The rule under which his many properties have operated for many years demands that 15 per cent of the total receipts be set aside for profit, and that the remainder be apportioned 34 per cent to the editorial department, and 51 per cent to the business department. Those percentages fitted his scheme of operation. Possibly they might not apply to other publishers' scheme of things, but the fundamental, essential part of the plan is that his newspapers paid their way with something left over for the owner, or they went out of business quickly. The newspaper is a commercial enterprise, with public service the only end it can serve, and if it doesn't make a profit, it can serve neither its owner nor the public.

Events of the past nine years—high-priced print paper, steadily rising costs of mechanical labor, equal or greater increases in the cost of gathering news—have driven this home to the publishers whom they have spared from destruction. Scores of newspapers which struggled along for years before the war have met these increases in costs and more than met them. They are making money today, and their publishers can at last take vacations that other business men have long considered part of the year's routine. They can install modern machinery in efficient and handsome buildings to replace the antiquated, patched equipment that they formerly housed in ancient firetraps. A good many of them can now look an advertiser in the eye and tell him to go to Hades when unreasonable demands are made. A good many others who used to look on state and county printing as manna from Heaven, now refuse to touch it except at their own terms.

These are all developments that have come in the life of the very young men in journalism. They mean that these publishers have taken their newspapers apart, found out what made them tick, thrown away the useless wheels and cogs and put together an organization which will do its work better and pay them more than employe's wages. These assertions are not made *ex cathedra*. Proof is available.

Handicapped by lack of coöperation from some of the membership, the cost-finding committee of the Inland Daily Press Association has obtained from representative country dailies figures that show the percentages for sources of income. The Inland figures and those of a small daily that has operated on a budget system for years are given on the following page:

Knowledge of income is valuable only so far as the accompanying knowledge of expenditures is obtained. What becomes of the newspaper's dollar is the highly important question

SOURCES OF INCOME OF COUNTRY DAILIES

	Inland Average	Budgeted Daily
[1]Advertising	70.00 per cent	75.00 per cent
Circulation	29.00 per cent	25.00 per cent
Miscellaneous	1.00 per cent	0.00 per cent
Total	100.00 per cent	100.00 per cent

for only by control of expenses can profits be declared at the close of the year's business.

The experiences of a number of publishers in the Middle West show the following dispositions of newspaper receipts—for every dollar that both the Inland publishers and the budgeted daily received, the expenditures were as follows:[1]

	Inland Figures	Budgeted Daily
Editorial department	15.00 per cent or cents per $	23.00 per cent
Advertising department	7.00 per cent	7.20 per cent
Circulation	11.00 per cent	9.60 per cent
Paper and ink	12.50 per cent	12.60 per cent
Other mechanical expense	23.50 per cent	17.50 per cent
Administration	18.50 per cent	15.10 per cent
Profit	12.50 per cent	15.00 per cent
Total	100.00 per cent	100.00 per cent

The Inland revenue figures need no explanation except that income designated as "miscellaneous" might be explained. "Miscellaneous" includes the receipts from sale of waste paper and such other income as cannot be classed as either advertising or circulation revenue. Job printing figures are not considered in the compilation of these tables.

The editorial expense includes pay roll, news service, telegraph and telephone tolls, correspondents' fees, syndicated articles, and special art work.

Advertising costs include pay roll, commissions, fees for special representatives, promotion, art work, supplies, and mat services.

Circulation expenses include pay roll, including that of car-

[1] Reprinted by permission of the *Editor and Publisher*.

riers, traveling expenses, premiums, free copies, supplies, twine, wrappers, postage, automobile upkeep, etc.

The paper and ink expense includes freight, cartage, and storage.

Other mechanical expenses include pay roll, gas, power, light, metal, matrices, supplies, stereotype materials, press blankets and tympans, rollers, rags, repairs, etc.

The expenses of administration include all business and office expense, such as office pay roll, executive salaries, depreciation, rent, stationery, postage, advertising, donations, insurance, taxes (not United States income tax) light, water, etc.

In reviewing the items and their percentages, as worked out by the cost-finding committee of the Inland Daily Press Association, it is possible that an accountant would disagree with certain divisions of expense. But to the man interested in the business success of his newspaper, it is not so important *how* expenses are divided as it is *to have a plan* for the division of expenses, a plan that is sane, easy to understand, simple, and workable.

When the publisher becomes convinced that he needs a budget and a cost system, he is more than half-way over the business troubles that have caused the death of many a newspaper.

From the same article in the *Editor and Publisher,* in which Arthur T. Robb, Jr., discusses, "What Becomes of the Newspaper Dollar," the following selection is quoted as throwing light on the need of budgetary control:

Available also are figures for two of the country's well-known metropolitan dailies, one on the Atlantic seaboard and one in the Middle West. Both operate on a budget system and both are profitable to their owners, how profitable they do not care to have stated in this comparison. The Eastern newspaper supplied the following data as to its expenditures, in percentages:

Editorial	26.0
Publication	8.0
Circulation	10.5
General	10.5
Mechanical	15.0
Paper and ink	30.0
Total	100.0

Paper and ink cost is, of course, the outstanding expense of any newspaper which prints daily and Sunday issues with paid circulations numbered well into six figures.

Editorial expense on this paper includes just about what it includes in the Inland budget, plus, of course, cables from its own correspondents in all parts of the world.

Publication expense is largely made up of the cost of securing and handling advertising, this item averaging about 6 per cent. The remaining 2 per cent covers office maintenance in the advertising, accounting and business office departments.

Circulation includes very much the same items as the Inland publishers note, and it is curious that the proportion is almost equal.

General expense covers approximately the items of the above small-city publications, with the additional information that salaries of administrative officers run about 2 per cent. Fields considered, the disparity in expense is not marked in the departments of advertising and circulation. Neither is there a wide gap between this Atlantic Coast paper and the small daily noted above in their editorial expenditures. Naturally, the overhead represented in administrative expense diminishes with increase in the size of the property, and, just as naturally, the amount spent for print paper increases, the greater the expansion of the property.

The Middle Western paper has a larger advertising patronage and considerably larger circulation than its Eastern contemporary, which will be found sharply reflected in its paper and ink percentage in the following table, the other items being reduced as this one grows:

Editorial	12.16
Advertising	5.49
Paper and ink	43.38
Mechanical	10.09
Circulation	15.25

These percentages do not total 100, as they cover only operating costs and do not refer to administration. Passing the paper and ink item as not needing further explanation, the striking part of the above budget is its comparatively low editorial expense and its comparatively high circulation cost. Its editorial cost is one-eighth of its total expense, and is slightly more than half of that of the small-city paper called above the "Budgeted Daily." It is less than half of the Atlantic Coast paper's editorial expense. Analysis is difficult without the actual figures, which most publishers like to keep close to their vests.

Its circulation cost is between 40 and 50 per cent above that of the other papers we have examined. It is divided 8.1 per cent for

promotion, 7.15 per cent for distribution. That might indicate plenty of healthy competition. The "Budgeted Daily" allotted 5.4 per cent of expense for promotion and an equal amount for maintenance and distribution.

"Our 'Budgeted Daily' and the Middle Western paper present some interesting comparisons in mechanical expense also:

	Middle Western	Budgeted Daily
Composition	5.90	14.0
Stereotype	1.39	1.1
Pressroom	2.80	2.8

That, again, is interesting, but hardly illuminative without the actual money figures.

Also of interest is a tabulation which came to hand this week of statistics of the Tokyo Hochi Shimbun, a daily of large circulation, but of small advertising lineage in comparison with the metropolitan papers noted above. The figures, forwarded by Commercial attaché J. F. Abbott, of the Department of Commerce, were presented by the Hochi Shimbun when it opened its new building a short time ago. They follow:

	Per Cent
Editorial	8.72
Advertising	7.22
Circulation	14.98
Office	5.41
Composition and Pressroom	8.92
Paper	53.10
Miscellaneous	1.65
	100.00

Figures which the American publishers have not placed at the analyst's disposal were furnished by Mr. Abbott on division expenditures as follows:

Wages	65.6
Stereotyping	4.4
Casting	1.9
Zinc	4.2
Printing	3.9
Ink	17.5
Power	1.1
Miscellaneous	1.4
	100.0

The first table is entirely comprehensible but the second evidently needs more explanation than is at hand in Mr. Abbott's report. "Stereotyping" can be translated as "steam-table operation"; "zinc" is evidently "stereotype metal," in which there is no zinc. Machine composition is not yet a major factor in Japan. "Printing" can probably be put into American as "press-work." The "ink" item is totally out of line with American budgets and is probably in error, as the second tabulation does not provide for newsprint, which is carried in the first at 53.10 per cent of the total operating expense.

But leaving the second table aside, note that this Japanese daily, one of the leaders in its country, spends six times as much for print paper as it does for the editorial matter with which to cover it. Editorial expenses of the Hochi Shimbun are about one-twelfth of its total cost of operation.

The Atlantic Coast paper spends one-quarter of its outgo on the editorial department; almost as much is put out by the "budgeted daily" referred to above. More than one-seventh of the Inland average budget goes into purely editorial department expense; one-eighth of the Middle Western paper's outgo is in editorial maintenance and production.

In advertising departmental expense, practically all of the systems compared are in agreement. The lowest is 5.49 per cent. The highest is the Japanese 7.22 per cent. It seems to be settled that advertising departments can be maintained efficiently on about one-sixteenth of the total budget.

Circulation departmental expense varies between 10 and 15 per cent roughly, depending upon character of territory and nature of competition.

Paper and ink, usually paired, as has been shown, varies widely, according to the volume of advertising and the size of circulation. It is one-eighth of the Inland dailies' expense. It is more than half of that for the Japanese daily, which brings its raw materials from overseas at tremendous carrying charges. It is two-fifths and more of the Middle Western paper's outgo. It is three-tenths of the Atlantic Coast paper's budget. That is one budget item that cannot be held down, except slightly, by elimination of waste. The healthy newspaper, like the lusty schoolboy, must have a new suit every year to replace outgrown everyday garments.

But while an increasing newsprint budget is a sign of growth, or should be, that isn't true of administrative expenses. They should form a progressively smaller proportion of the total as the newspaper grows. A great newspaper puts its waxing force into the departments that will keep on growing, rewarding the executives whose direction has insured and will insure success, but not

overloading its payroll with an "army of generals." Salaries to directing general, not departmental, executives, it was pointed out above, form only 2 per cent of the Atlantic Coast daily's budget. They will run considerably higher on publications of smaller dimensions, but will not increase proportionately as these dimensions are enlarged, but will rather decrease, granted that the compensation was equitable at the start.

All of this is vital. It is news for the *Editor & Publisher* readers. This comparison could not have been made ten years ago, probably not five years ago, but it will appear painfully inadequate ten years hence when the majority of publishers learn what has been accomplished by the progressive handful whose coöperation made it possible for the *Editor & Publisher* to present these data. Hard economic pressure is making publishers look on their newspapers as business enterprises and not as mechanical playthings that get themselves run somehow, with the help of Providence.

The days when a hatful of type and a mule-driven press enabled a man to sign himself "Ye Editor" are gone forever, as are the days of the politician or pawnbroking banker as publisher. With the facts about his business before him, and standard cost-accounting methods established permitting comparison of data among publishers, the newspaper owner won't have to hock his property when he needs a few thousand dollars for improvements, he won't have to grovel before 100,000-line contract advertisers, he won't use his newspaper as a key to political offices, or secure political advertising, and he won't be afraid to share business facts with his neighbors in the next town. He'll be able to face sudden changes in the business weather without disaster. He can put out a better newspaper than his city ever thought possible by hiring qualified editorial men and paying enough to hold them. And he can make money for himself, so that Europe, Florida, California, and South America will become more than names on the map for him and his family.

Need for Scientific Analysis

Perhaps in no other business, than the newspaper business, is there a greater need for scientific analysis of business costs. To date publishers have been reluctant to give out figures on profits, perhaps for the reason that if the paper is well managed and enjoys public good will, the dividends are large; but if the contrary be true, the profits are exceptionally small in proportion to the volume of business and the speculative risk that is attendant upon every newspaper enterprise. Obviously the

reason for this hesitancy on the part of the publishers is the same as that which has deterred business men in other fields from sharing their business knowledge and experience with competitors, until recently, when many have seen the advantage of such coöperation. But the special reason why newspaper publishers hesitate to make available the facts of their business seems to be that the newspaper business, more than many other lines, is dependent upon good will.

Almost overnight a newspaper may lose valuable prestige because of some turn of political or editorial fortune. A newspaper may make high profits for a period of years and then have its business fall into a slump, not altogether to be explained by a business depression.

Even though the tendency for newspaper publishers, in state or sectional associations, is now to give percentages of various business costs, the condition of individual business enterprises is not truly revealed in the method of averages used.

In one case known to the writer, the cost-finding committee of a certain association gathered the percentages of costs for a number of papers and then averaged them, a method entirely wrong, for percentages cannot be mathematically averaged so that they will reveal actual conditions—only approximations of actual conditions are shown.

The correct method would be, of course, to take the amounts in the case of each individual newspaper, total them and then determine the averages for the various expenditures, as well as for profits.

Circulation Rates

In general, as costs of other commodities have increased, the cost of newspaper subscriptions has likewise increased. There may be a few one-cent newspapers, but over the country generally, newspapers are receiving, for single issues, either two or three cents. Rates by the year have also increased in order to meet rising costs.

If a survey were made of the leading newspapers in the country generally, rates would not be found to vary beyond a comparatively narrow zone.

The publisher of a paper with a large circulation may well appreciate what the difference between one and two cents may mean in his total receipts. Take, for example, an afternoon newspaper with a circulation of 400,000 copies a day for 307 days a year, figuring that no papers are published on Christmas Day, New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and the fifty-two Sundays of the year.

At one cent the gross receipts for circulation would be $1,228,000; at two cents the receipts would be double, or $2,456,000. If the papers were sold at 50 per cent discount, the net receipts to the publisher would be half the total amount in each case; but in practice the receipts from a newspaper's circulation are not so easily estimated, for the reason that subscriptions are sold on different plans.

There are three main plans of newspaper selling: sales of subscriptions by the year, by the week, and by the day (street sales).

By the year, rates vary, for six-day-a-week service in the first postal zone from the seat of publication. The Chicago *Tribune's* published rates in 1937 were as follows:

Rates in Illinois (outside of Chicago), Indiana, Iowa, Michigan and Wisconsin:

Daily, without Sunday, one year, $5.00; six months, $2.50; three months, $1.25; two months, $1.00; one month, 50¢.

Daily with Sunday, one year, $12.50; six months, $6.25; three months, $3.15.

Sunday only, one year, $7.50; one month, $1.00.

Rates for subscriptions in postal zones 3 and 4 (measured from Chicago), outside of Illinois, Iowa, Indiana, Michigan and Wisconsin:

Daily without Sunday, one year, $7.50; one month, $1.00.

Sunday only, one year, $7.50; one month, $1.00.

Daily and Sunday, one year, $15.00; one month, $2.00.

Rates for subscriptions in zones 5, 6, 7, and 8 (measured from Chicago), Canada and Mexico:

Daily without Sunday, one year, $12.00; one month, $1.50.

Sunday only, one year, $7.50; one month, $1.00.

Daily and Sunday, one year, $19.50; one month, $2.50.

The mail subscription rates for the New York *Herald-Tribune,* as given September 13, 1937, were:

In the United States, possessions, and territories:

	One Year	Six Months	One Month
* Weekday and Sunday	$15.00	$7.50	$1.25
** Weekday only	10.00	5.00	.85
Sunday only	5.00	2.60	.50

* One week, 40 cents.
** One week, 35 cents.

Canada, Newfoundland, Argentina, Balearic Islands, Bolivia, Brazil, Canary Islands, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Mexico, Nicaragua, Panama, Paraguay, Peru, Republic of Honduras, Santo Domingo, Spain and its colonies, Uruguay, Venezuela:

	One Year	Six Months	One Month
Weekday and Sunday	$18.00	$9.00	$1.50
Weekday only	12.00	6.00	1.00
Sunday only	6.00	3.00	.50

Other foreign countries:

	One Year	Six Months	One Month
Weekday and Sunday	$50.00	$25.00	$4.25
Weekday only	32.00	16.00	2.75
Sunday only	18.00	9.00	1.50

Mail subscription rates for the Boston *Transcript,* payable in advance, for the United States, territories, and possessions:

	One Year	Six Months	One Month
Every day except Sundays and holidays	$11.00	$5.50	$1.00
Daily except Saturday	8.00	4.00	....
Saturday	3.50	1.75	....

Mail subscription rates for the Detroit *News* to any place in the United States, Canada, or Mexico:

	One Year	Three Months	One Month
Daily and Sunday	$14.00	$3.75	$1.25
Daily only	9.00	2.25	.75
Sunday only	6.00	1.50	.50

Subscription rates for two selected Wisconsin papers, as announced in their respective flags in 1937, follow:

The Capital Times, Madison—

SUBSCRIPTION RATES

By Carrier

One year $10.40; six months $5.20; three months $2.60; one month 87c; one week 20c.

By Mail Prepaid

In Wisconsin, trade area, including the following counties—

Dane, Columbia, Sauk, Richland, Iowa, Lafayette, Green, and part of Grant and Rock counties: One year $4; six months $2; three months $1.25; one month $0.50.

In all other parts of Wisconsin:

One year $4.50; six months $2.25; three months $1.50; one month $0.50.

In all states adjoining Wisconsin

One year $8; six months $4; three months $2; one month $0.75.

In all other states:

One year $10; six months $5; three months $2.50; one month $1.

The Wisconsin Rapids *Daily Tribune*—

Subscription rates:—By carrier on afternoon of publication in Wisconsin Rapids, Biron, Nekoosa, Port Edwards, Adams and Friendship, 20c per week or $10 per year in advance. By mail delivered the next day in Wood county and adjacent counties, $4.00 per year, $2.25 for 6 months, $1.25 for 3 months in advance. Outside of Wood county or adjacent counties in zones one to six, $7.50 per year, $4.00 for 6 months and $2.25 for 3 months. In zones seven and eight and Canada, $11.00 per year. In foreign countries, $20.00 per year. Above prices strictly in advance.

If a newspaper sells at $5.00 a year for 313 issues, on the basis of a morning newspaper every day in the year with the exception of Sundays, the subscription price is approximately 1.59 cents a copy. If the mail subscription of an afternoon newspaper is $5.00, on the basis of 307 days a year, the price per copy is approximately 1.62 cents.

The publisher, taking the first postal zone as a basis, should figure per copy mail rate on a six issue a basis at approximately 1.12 to 1.31 cents as a minimum. Corresponding increases should, of course, be made for most distant postal zones, according to the schedule set by the United States Post Office.

On a monthly basis, for home-town circulation, the price

should be anywhere from 40 cents to 75 cents a month, exclusive of Sunday. This plan is on the basis of 10 cents to 20 cents a week. In a city with a three-cent newspaper for week days only, the subscription rate for the month may be as high as 80 cents, although in the average city ranging from 10,000 to 50,000 in population, it would probably be unwise to charge that high a rate. For the average American city, a subscription rate for home delivery by the month should not be more than 75 cents, a charge figured on six issues a week.

The New York *Evening Post* formerly charged $1.50 a month for its subscriptions, but this paper regularly sold at five cents as a quality newspaper published in the metropolis of the nation, a city in which all living costs are relatively higher than those to be found in the average American city. It would not be good business policy to charge anything like the old New York *Evening Post* price for newspapers in other cities, if these newspapers are intended for general circulation, unless custom has established a five cent price.

Determining the Subscription Price

Custom and local conditions largely determine for the publisher what subscription price he shall charge. Competitive conditions may be such that, in order to build circulation, it is advisable to sell home delivered circulation at 10 cents a week, while in other cities a newspaper of the same general character may be able to charge 20 cents.

Many factors enter into the question of price. It is important for the publisher to know what a subscription, that is being sold at 10 or 20 cents a week, is costing him.

In cost finding there are various methods of determination, a number of which are acceptable. But it must be remembered that the newspaper product is not sold to the reader at cost plus a profit, as is the case with other manufactured products, but part of the expense is borne by the advertising.

Assume that the circulation expense is 10 per cent of the total expenditures. Let x equal the total expenditures; then $10x$ equals the circulation expense, which must be divided by the number of subscriptions, which we shall call 12,000.

$$\frac{.10\,x}{12{,}000} = \text{Cost of each subscription.}$$

$$\text{Circulation income} - .10\,x = \text{Circulation profit.}$$

The question arises, is the circulation profit the desired percentage, 15 or 20, of the circulation expense?

If the cost of each subscription exceeds the price charged by the publisher, he is losing money on each subscription. However, it may happen that it pays to lose money on each subscription, if in the creation of a large circulation, advertising rates can be raised to a point where a profit can be returned on the total business, both circulation and advertising, for the year.

In the newspaper business, it is oftentimes difficult to separate the circulation from the advertising, especially when it comes to determining the cost of each subscription. The publisher cannot live without his newspaper circulation and so his general promotion cost may be so high that if it were even in part, distributed to circulation cost, profit would not be shown on each subscription.

Cutting the Rates

As unsound as perhaps any practice in newspaper publishing, is the tendency to cut subscription rates. The newspaper is a product and, as in the case of other products, the manufacturer of the product should endeavor to maintain its standard. If readers are willing to accept a standard newspaper, they are willing to pay the subscription price. The cost of the newspaper to the subscriber is usually low enough to place it within the reach of any person's pocketbook.

Cutting the subscription rates is, in reality, equivalent to lowering the standards of the newspaper. The inference drawn by the public is likely to be that, in order to move the merchandise, in this case the newspaper, the publisher reduces the price. A declining demand seems to denote a lowered standard. It matters little whether the actual editorial standard has been lowered if the public obtains the impression that here is a cut-rate newspaper.

Standard merchandise is worth the established price and

one price should be maintained. With the activity of state press associations, the work of the Audit Bureau of Circulations to standardize circulations, and better business methods generally, the tendency to cut prices, among the dailies of the country, is greatly lessened.

That a newspaper publisher should not cut the price of his product does not mean at all that special introductory subscription offers cannot well be made for short periods, especially to persons who are not already on the subscription list. Trial offers are valuable in proportion to the energy with which the circulation department follows up the temporary subscriber in the effort to keep him permanently on the subscription list. Of course, whether the trial subscription is made into a permanent subscription, depends in a large measure upon the newspaper itself. A good paper, which gives the news unbiased and unafraid, interprets the times as its conscience and knowledge dictate, and has its fair share of entertainment in feature articles, stories, and illustrations, can usually hold its readers.

Income from Advertising

Advertising revenue constitutes the direct force that makes the newspaper a financial success, though editorial acceptance of the paper on the part of the public is the cause back of this success. However, before success is realized, excellent management and progressive methods are essential.

No newspaper can live without advertising rates that return the publisher a fair profit; yet newspapers for years have been, in many instances, hesitant in raising rates, even though their publishers knew a fair return was not being realized.

In selling the most saleable product the newspaper possesses, advertising space, there is need for a firm business policy. If the newspaper is to be financially successful there are several principles that must be adhered to constantly. These principles are:

Advertising space must be sold on a rate adequate to cover cost and a 15 or 20 per cent profit.

Advertising space must be sold to all advertisers on an announced and equitable basis.

Advertising space will not sell itself; to market space successfully, promotion methods, subject to reasonable costs, must be employed.

Inasmuch as this study concerns itself with the principles of newspaper management, the question of advertising income is treated from the financial viewpoint instead of from the purely advertising point of view. To the publisher, the question of advertising, aside from methods of getting business through market surveys, solicitation, and the like, is one of revenue. If advertising revenue falls down, the publisher immediately has on his hands the problem of finding ways and means of locating and eliminating the difficulty. Income must be increased.

Flat or Sliding Rate

There are advocates of both the flat and the sliding advertising rate. There are advantages in each system of rate making. The flat rate, especially for a country newspaper or a daily newspaper of small circulation, has advantages, for buyers of national advertising can be advised easily of the rates and, moreover, be certain that rates are fair.

The national advertiser, through his authorized agent, can be certain that the flat rate, as announced in the national rate card, is the same for all—if there is an actual flat rate. On the other hand, if the publisher announces a flat rate and then, at will, cuts that rate, he is decidedly unfair. He is violating a principle of good business by cutting his prices in spite of his announcement to the contrary.

If the newspaper publisher is to be fair, he should know the cost of his agate line, should add a loading charge for commissions to both advertising agencies and special representatives, amounting to 15 per cent in each case or 30 per cent in all, in addition to 15 or 20 per cent profit, and then stand by that rate. If he applies a sliding scale, he should apply it to all advertisers alike, never cutting his prices as given in his advertising rate card.

For local advertising, which, of course, forms the greater percentage of business for the average small city daily, it is cus-

tomary to have a preferential rate, based on actual cost plus a profit of 15 or 20 per cent. This preferential rate is given to contract users of a large amount of space each year. And this principle is good business in every way, for if a local merchant buys space in wholesale quantities he should be given a bulk rate, the same as would be true if the merchant made any other purchase of merchandise, on a wholesale basis.

The one-time user of space is usually not the type desired by the publisher, both because the one-time user is not a continual source of business and because he is usually the sort of advertiser that expects advertising to be an immediate producer of business. The publisher knows that advertising is an effective sales force but that if it is to be profitable it must be used as any other effective weapon, again and again. Repetition means the gradual gaining of public confidence, if the advertising is fair and legitimate.

The one-time user of space should pay the top rate. The user of space in large quantities should have the advantage of the sliding scale. Only the newspaper of small circulation, the newspaper that is not used extensively by large national advertisers, should adopt the flat rate for foreign or national advertising. In the larger cities, the sliding rate has been adopted by the best type of newspaper.

The New York *Times* in its rates effective February 1, 1937, allows a weekday graduated rate ranging from 92 cents for 2,500 lines, 89 cents for 5,000 lines, 88 cents for 10,000 lines, to 82 cents for 75,000 lines. A weekday rate of 79 cents is allowed for 100,000 lines, subject to 5 per cent temporary discount which may be withdrawn upon notice.

The run of paper rate for the *Times* is 95 cents per agate line in daily editions, and $1.25 per agate line in the Sunday edition. Special position charges are made for designated page position, next or following reading, top of column, and top of column next reading, or following and next reading at paper's option.

Variations in rates are used by the *Times* for certain classifications, as shown in the rate card of April 1, 1926, reproduced on pages 390 and 391:



The New York Times

CLASSIFIED ADVERTISEMENTS

	Per agate line
†* Agents Wanted	.80
Auction Sales xx — 104 times, 2 or more times a week, 65c.	.70
†* Automobile Exhange. (3 times a week, 65c.)	.70
Boats, Launches, Accessories	.65
†* Boarders, Rooms	.50
† Book Exchange (Sunday) per word — (52 Sundays per word 10c.)	.12
† Business Opportunities, Notices	$1.00
†* Country Board. (30 t, 3 or more times a week, 65c.)	.60
Dancing (when admission is charged) Daily and Sunday xx	.95
Dancing Instruction (20 L, 3 or more t, a wk., 65c.) xx	.65
†* Employment Agencies — 3 times a week 80c 156 times, 3 or more times a week or 10 000 lines in one year, 75c	.90
†* For Sale (Miscellaneous)	.70
†* Help Wanted, 55. † * Help Wanted—Salesmen	.65
Hotels and Restaurants, (City) xx — x 30 times 3 or more times a week 75c. 156 times consecutively or 3 or more times a week for one year, 70c	.75
†* Instruction under Help Wanted — x 30 times 3 or more times a week, 65c, 156 times, 3 or more times a week 61c	.65
Lectures, Daily and Sunday	.95
‡ Lost, Found, Rewards 3 times in one week, 55c	.60
* Mortgage Loans, Display accepted	.85
Radio, on Radio pages, .75 daily, Sunday xx — Subject to R.O.P discounts. Ordered Run of paper, 80c. daily; 95c Sunday	.90
† Radio Exchange (Sunday) xx 26 times 65c 52 times, 55c.	.60
* Real Estate, For Sale or To Let, Building Material — Ordered on back page Want or R.E Section Sunday — Ordered on R.E. News pages, daily exc. Monday, 20c line extra — Single Col. Display Col 1 or 8 Page 2, R. E. Sec Sunday.	.65 / .80 / 1.10
Page 3 Real Estate Section full page, Sunday — Combination—1 adv in R.E. and 1 in R. O. P.—daily, $1.00; Sunday, $1.30	.75
Religious Notices — (Display on Religious Notices page Saturday, .80) undisplay — Displayed Religious Notices, all editions, Daily .80, Sundayxx	.60 / .96
Resorts xx — 30 times 3 or more times a week 67c 156 times consecutively or 3 or more times a week for one year 65c	.70
Schools xx (30 times consecutively or 3 times a week, 53c.) — x 156 times consecutively or 3 or more times a week, 51c.	.66
Shoppers' Column, Sunday, 52 times, 67c. — Within one year, 13 times, 92c., 26 times Sunday, 90c. xx.	.98
† Situations Wanted	.40
Steamships, Tourist Agencies, Excursions xx; Daily, 70c., Sunday. — x 30 times 3 or more times a week, 69c. 156 times consecutively or 3 or more times a week for one year 65c.	.75

* Included in all copies distributed in Greater New York—all of New Jersey Long Island, Florida, and principal resorts—also through newsstands in large cities. (Real Estate Section, in addition, included with all copies in dealers within 100 miles.)
† Single column unfinished advertisements only accepted. Paragraphing, white space and agate rule allowed
x Minimum space on 30 or more time orders, additional space pro rata. Hotels and Restaurants, tax lines; Steamships, Tours, Resorts, 5 lines. all other classifications, three lines.
xx Forms close Thursday noon for Sunday following.
‡xx Words to a line in agate type. Four Words to agate line. No advertisements accepted for less than space of 2 lines or 12 words. Classified display advertisements must be at least seven lines with two-line display type.
On treatment orders for classified display advertising, 100 lines or more, reliable holder, to secure time rate, must be at least 14 lines. On less than 100 lines, rate holder must be at least 10 per cent. of largest advertisement, and not less than seven lines. Advertisements ordered under other than proper classifications, if accepted, pay higher rate.

The New York Times

ADVERTISING RATE CARD

April 1, 1926

	Daily	Sunday xx
*Run of Paper, per agate line	$.80	$.95

ANNUAL SPACE DISCOUNTS (Daily and Sunday Editions)

On written contracts only. Minimum space 14 lines. Time discount not allowed when space discount is given.

Lines	Discount	Lines	Discount
5,000	1 %	40,000	6 %
10,000	2 %	50,000	7 %
15,000	3 %	75,000	8 %
25,000	4 %	100,000	12 %
30,000	5 %		

Contract void if space of at least 25 lines is not used within fifteen days from beginning date of contract

ANNUAL TIME DISCOUNTS (Daily and Sunday Editions)

(Consecutive weeks for one year; minimum space 14 lines)

1 time a week 2 % | 2 or more times a week, 3%

POSITION CHARGES

(Subject to contract discount)

DAILY EDITIONS	Designated Pages	Next or Following Reading	Top of Column	Top of Column Next Reading, or Following and Next Reading Times Option
¶Minimum Depth in Agate Lines for advertisements requiring location	21	42	42	42
Designated Positions		$1 10	$1.55	$1.65
††Page 2 or 3	$3.00	3.50	4 00	5.00
†Page 4 or 5	1.20	1.45	2.20	2.30
Page opposite Editorial page	1 50	x	x	x
Last Page, second section	1 25	1 35	1.75	1.90
¶Other designated pages (Times' option of three pages) See also Amusement Rates.	.95	1.25	1 70	1.80
SUNDAY EDITION				
xx Desig Positions, Supp't Secs		$1 25	$1 55	$1.65
First News Section	$1.40	1 55	1 95	2.05
††Page 2 or 3 First News Section	3 50	4.00	4.25	6.00
Page 4 to 17 First News Section	1 55	1.75	2.20	2.30
Other designated Pages (Times' option of three pages) First News Section.	1.45	1.60	2.00	2.10
Editorial Section	1.05‡	1.30	1.60	1.70
Page opposite Editorial Page	1.50	x	x	x
†Page 2 or 3, Editorial Section	1.20	1.65	2.05	2.15
Other designated Pages, Editorial and x Supplemental Section	1 15	1.45	1 90	2.00
¶Sporting Section, Sunday	1.10	1.30	1.60	1.70
Back Page, Sporting Section	1 20	1.35	1 65	1.75
xx Special Features or Drama Sections Specified	1.00	1.30	1 60	1.70

Medical advertisements 10c additional to above charges.
* Applies to all advertisements unless otherwise indicated on this card.
† Times' Option. xx Forms close Thursday noon. ‡ Not sold.
†† For specified page 3, or specified page 2, 25c per l ne additional
¶ Sporting Pages, minimum depth 7 lines. See also Amusement rates.
§ For specified page 2 or specified page 3, 10c per line additional.

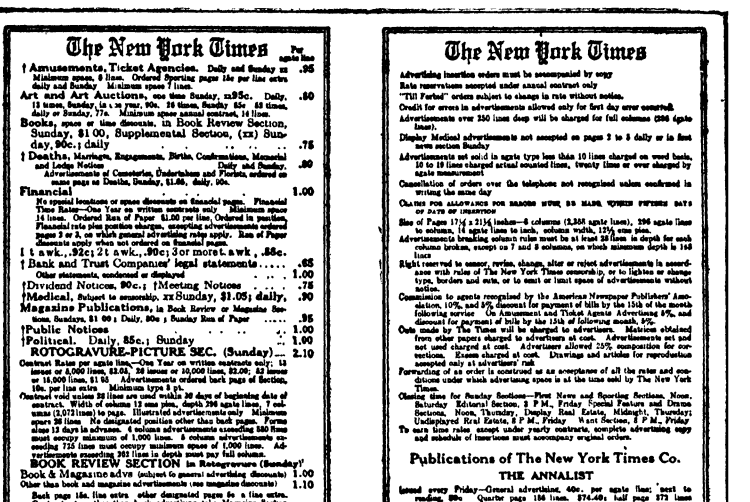
FIG. 69A. FRONT AND BACK PAGES OF THE NEW YORK "TIMES" RATE CARD

Fixing the Advertising Rate

As the most important source of income for the newspaper, advertising should not be sold at less than will return, when all newspaper revenue and expenses are considered, a fair profit to the publisher.

In determining the advertising rate, the gross receipts, less the circulation revenue, should be divided by the number of agate lines (or inches if space is sold on an inch basis) of advertising run during the year. The quotient will be the preferential rate, below which no advertising space should be sold.

Such a rule is basic only, for there are several additional considerations that must be regarded. In the first place, the rule



The New York Times

Per agate line

† Amusements, Ticket Agencies. Daily and Sunday ..... .95
Minimum space, 6 lines. Ordered Sporting pages 10c per line extra daily and Sunday. Minimum space 7 lines.

Art and Art Auctions, one time Sunday, 1.95c. Daily. .80
15 times, Sunday, 1.75; 26 times, Sunday 1.55; 52 times, daily or Sunday, 77c. Minimum space annual contract, 14 lines.

Books, space or time discounts, in Book Review Section, Sunday, $1.00, Supplemental Section, (xx) Sunday, 90c.; daily ..... .75

† Deaths, Marriages, Engagements, Births, Confirmations, Memorial and Lodge Notices ..... Daily and Sunday. .80
Advertisements of Cemeteries, Undertakers and Florists, ordered on same page as Deaths, Sunday, $1.50, daily, 90c.

Financial 1.00
No special locations or space discounts on financial pages. Financial Times Rates—One Year on written contracts only. Minimum space 14 lines. Ordered Run of Paper $1.50 per line. Ordered in position, Financial rate plus position charges, excepting advertisements ordered pages 2 or 3, on which general advertising rates apply. Run of Paper discounts apply when not ordered on front pages.

[t a w k., .95c.; 2 t a w k., .90c.; for more t. a w k., .85c.

† Bank and Trust Companies' legal statements ..... .65
Other statements, condensed or displayed 1.00

†Dividend Notices, 90c.; †Meeting Notices ..... .75

†Medical, Subject to censorship, not Sunday, $1.05; daily. .90

Magazine Publications, in Book Review or Magazine Sections, Sundays, $1 00; Daily, 90c; Sunday Run of Paper ..... .95

†Public Notices 1.00

†Political. Daily, 85c.; Sunday 1.00

ROTOGRAVURE-PICTURE SEC. (Sunday) ... 2.10

Contract Rates per agate line.—One Year on written contracts only: 13 issues or 5,000 lines, $2.03; 26 issues or 10,000 lines, $2.00; 52 issues or 18,000 lines, $1 95. Advertisements ordered front pages of Section, 10c. per line extra. Minimum type 8 pt.

Contract void unless 26 lines are used within 30 days of beginning date of contract. Width of column 12 ems, depth 296 agate lines, 7 columns (2,072 lines) to page. Illustrated advertisements only. Minimum space 26 lines. For designated other than Run of Paper orders close 13 days in advance. 6 column advertisements exceeding 580 lines must occupy minimum of 1,000 lines. 8 column advertisements exceeding 725 lines must occupy minimum space of 1,000 lines. Advertisements exceeding 365 lines in depth must pay full column.

BOOK REVIEW SECTION (Rotogravure) (Sunday)' Book & Magazine advs (subject to general advertising discounts) 1.00

Other than book and magazine advertisements (see magazine discounts) 1.10

Book page 10c. line extra other designated pages 5c a line extra. Contract rates other than book advertising take Magazine Section discounts. Minimum space 14 lines. Forms close 13 days in advance. Width of columns 12 ems plus, depth 296 agate lines, 6 columns (1,920 lines) to page. Contract void unless at least 14 lines are used within 30 days. Advertisements 191 lines deep must pay full column depth.

MAGAZINE SECTION in Rotogravure (Sunday) . 1.10

Contract rates as one year 13 issues or 5,000 lines, $1 06; 26 times or 10,000 lines, $1 00; 52 issues or 18,000 lines, 96c Book page 10c. per line extra. Other designated pages 5c. per line extra. Book and magazine advertisements, $1 00 per line, subject to general discounts. Same size and conditions as Book Review Section.

BUSINESS PAGES (Daily and Sunday)

†Display rate ..... .90

† Buyers Wants or Offerings to Buyers, 15 cents per word, no advertisements accepted for less than the cost of 12 words ($1.80)

READING NOTICES

Six words to a line including "adv." offered. Minimum 3 lines.

† First page, Daily and Sunday 10.00

† First page, 2d sect and other designated pages, daily 3.50

† Inside and Sporting pages, daily and Sunday . 3.00

LEGAL ADVERTISEMENTS

Co-Partnership, Dissolution and Proposals ..... .85

Receivers' and Masters' Notices, Assignees', Referees', Surrogates', Referee & Bankruptcy Notices, Foreclosure and Trustee Sales, Summonses, Surrogates' Citations, Court Orders .85

25 Sunday forms close Thursday noon. † No time or space discounts.
† If displayed, 90c. per agate line daily Sunday, 95c.

The New York Times

Advertising insertion orders must be accompanied by copy

Rate reservations accepted under annual contract only

"Till Forbid" orders subject to change in rate without notice.

Credit for errors in advertisements allowed only for first day error occurred.

Advertisements over 250 lines deep will be charged for full columns (2306 agate lines).

Display Medical advertisements not accepted on pages 2 to 8 daily or in first seven section Sunday

Advertisements not sold in agate type less than 10 lines charged on word basis, 10 to 19 lines charged actual counted lines, twenty lines or over charged by agate measurement

Cancellation of orders over the telephone not recognized unless confirmed in writing the same day

CREDITS FOR ALLOWANCE FOR ERRORS MUST BE MADE WITHIN FIFTEEN DAYS OF DATE OF INSERTION

Size of Pages 17½ x 21¾ inches—6 columns (3,356 agate lines), 296 agate lines to column, 14 agate lines to inch, column width, 12⅝ ems pica.

Advertisements breaking column rules must be at least 58 lines in depth for each column broken, except on 7 and 8 columns, on which minimum depth is 168 lines

Right reserved to censor, revise, change, alter or reject advertisements in accordance with rules of The New York Times censorship, or to lighten or change type, borders and rule, or to omit or limit space of advertisements without notice.

Commission to agents recognized by the American Newspaper Publishers' Association, 10%, and 8% discount for payment of bills by the 15th of the month following service On Amusement and Ticket Agents' Advertising 6%, and discount for payment of bills by the 15th of following month, 8%.

Cuts made by The Times will be charged to advertisers. Matrices obtained from other papers charged to advertisers at cost. Advertisements set and not used charged at cost. Advertiser allowed 25% composition for corrections. Excess charged at cost. Drawings and articles for reproduction accepted only at advertisers' risk

Forwarding of an order is construed as an acceptance of all the rates and conditions under which agate lineage space is at the time sold by The New York Times.

Closing time for Sunday Sections—First News and Sporting Sections, Noon, Saturday Editorial Section, 2 P M., Friday Special Feature and Drama Sections, Noon, Thursday, Display Real Estate, Midnight, Thursday; Classified Real Estate, 6 P M., Friday Want Section, 6 P M., Friday

To save time rates except under yearly contracts, complete advertising copy and schedule of insertions must accompany original order.

Publications of The New York Times Co.

THE ANNALIST

Issued every Friday—General advertising, 40c. per agate line; next to reading, 50c. Quarter page 168 lines, $74.40; half page 373 lines $165.85; full page, 744 lines, $297 60 Time and space discounts. 52 consecutive insertions (minimum space 10 lines) per agate line 33c; next to reading, 44c; 2,500 lines within one year 35c; next reading, 44c; 5 000 lines within one year 30c; next reading, 40c; 10,000 lines within one year, 27c.; next reading, 36c Type size of page, 9¾ x 13¾ inches (4 columns 14 picas wide by 154 agate lines deep) Advertising forms close Wednesday night.

CURRENT HISTORY MAGAZINE

Issued Monthly—Size of Page 8 inches x 11¾ inches, 224 agate lines; 2 columns. Page, $200 00; half page, $100.00; quarter page, $50.00; less than quarter page, $1 00 per agate line. 3d and 4th covers, $325; 4th cover, black and white, $300; 4th cover in four colors, $600; other color rates on request. Color and cover rates on request. Discounts, Publishers, one time, 10½%; 12 times, 25½%. Financial, 11 times, 15½%. Advertising forms close March 25th of each month preceding month of publication.

MID-WEEK PICTORIAL MAGAZINE

Issued every Thursday Size of Page, 9¾ x 14¾ inches, 238 agate lines, 4 columns, 207 lines to column 52 times Per agate line, 52c.; page, $230; ½ page, $125; ¼ page, $65 Rate for 26 times, $31.28; half page $2300; ¼ page within one year 8 times, 4%, 13 times, 10%, 26 times, 20%. Minimum space, 28 lines. Advertising forms close 13 days in advance.

THE NEW YORK TIMES INDEX

Issued Quarterly—Advertising forms close 10 days in advance.
Full page one time $35 00 One year (4 times) $106.00

FIG. 69B. INSIDE PAGES OF THE NEW YORK "TIMES" RATE CARD

assumes that the gross revenue of the newspaper is at least adequate, an assumption which may not be true. If a newspaper property is losing money, it lifts no burden from the mind of the publisher to determine an advertising rate that will only continue to lose money.

In a calculation of rates, it is always well to go back over a period of five years to compare what the rates should have been in each of those years with the actual rates of the paper for the same years. The publisher can then see whether he has operated on a basis unjust to himself and his business.

If the calculations are started from the basic rate, the cost including profit—determined by dividing the total expenses of the newspaper, less circulation expense, by the number of lines

carried—can be increased by 45 per cent of this basic cost rate in order to fix the selling price per line, so that the 30 per cent advertising agency and special representative fees can be deducted without disturbing the basic rate plus a profit.

This 45 per cent that must be added, so that the publisher's rate may be intact, is determined by the following deductions:

Let x be the rate including agency and representative fees.

Then $x - .30x$ equals the price net to the publisher after agency and representative fees are deducted. If x equals $1.00, the rate to be charged per line is 70 cents.

The difference between the $1.00 rate and the 70 cent rate, or 30 cents, divided by 70 gives approximately 45 per cent, the percentage of the preferential rate that is to be added so that the publisher will have a satisfactory rate after commissions have been deducted.

Rates for the New Paper

If a newspaper is being started, it will not have had business experience on which to base calculations. Its estimates may be taken from other newspapers in cities of like size; but in such cases, the figures used will not be exact, for the new newspaper cannot be expected to have the volume of business attained by established publications.

The publisher of a new paper may estimate its first year's business at half that of an established newspaper in the same city or in a city of similar size.

Importance of Rate Card

To advise those dealing with the newspaper as to its advertising rates, a satisfactory rate card is necessary. This card should be printed on heavy stock and should be of a size that will go into a No. 10 envelope.

The cards of the best newspapers are comprehensive, stating the rates for different classifications, both as to group and position. The group classification usually includes amusements, vital statistics, financial, medical, and political. Medical advertising, in the better class of publications, is subject to censorship in order to prevent the advertising of fake or questionable medicines and cures.

On the rate card are usually given the rules of the paper as to insertion dates, claims, commission, and closing dates, thus making the card as useful as possible to the space buyer.

If desired, the classified rates may be included on the regular rate card.

Other Considerations in Fixing Rates

Advertising rates are subject to considerations other than actual cost, allowance for commissions, and profit. If a newspaper circulates among a class with large purchasing power, the rate can be higher than a rate determined only on cost, commissions, and profits.

The newspaper, with a class circulation, usually does not have the volume of circulation enjoyed by a newspaper with a popular or general appeal. However, the rates in newspapers having a distinct character of circulation can be higher than the rates for newspapers with a less distinctive circulation of the same volume. The factors of large mass circulation or high subscription price are of weight in determining advertising rates.

The general prestige of the newspaper that enjoys the highest standing in the community and that has successfully produced business for advertisers, is another factor that the publisher can weigh in determining his selling rates for space. Then, in addition, though a small consideration, a growing circulation can be taken as a factor in rate making. If the circulation shows gradual and continuous increase over a considerable number of months, the rates may be made on the circulation expected on a certain date in advance. But if the publisher guarantees a certain circulation and charges accordingly, he must be willing to give rebates to advertisers if his circulation does not measure up to the figure for which charges are made.

The amount to be added for factors of prestige and high buying power of subscribers must be determined by each individual newspaper for itself. Competition, for one thing, may deter a publisher from charging what might be regarded as a surtax for prestige and buying power of subscribers.

Credit

Newspaper profits can be wrecked by bad accounts. Unless the publisher is judicious in extending credit to advertising agencies, representing the national advertisers, and to the local advertisers, he may induce a condition of his business that will mean financial ruin.

Credit means both interior and exterior credit—credit allowed by the publisher to those with whom he is doing business, and credit obtained by the publisher to carry on his business.

The first applies to allowance of credit to buyers of advertising space only, for the well-conducted newspaper does not permit its subscriptions to be sold, generally, on a credit basis. There is, however, the exception, that many publishers make weekly collections for home delivered papers. By this plan, credit is allowed for seven days, but the general average shows that losses from this class of business are comparatively small, though occasionally a subscriber may become two or three weeks in arrears because of absence from town or failure of the collector to find him at home.

In all business dealings, the publisher must realize that contracts are not completed until full payment has been made. It is the publisher's business to consider two financial dangers, first, losses from poor collections, and second, collections made by stern methods that will injure the good will of the newspaper. Both possibilities are to be avoided.

When a certain advertising agency met financial difficulties, a close friend of the agency's president made the remark that if a hard-headed business man had gauged the expenditures and watched the receipts, the agency would have been on its feet. The same rule holds for newspapers. In some cases, decisions are not made strictly upon a business basis. Credit is allowed when the publisher well knows, or should know, that there is no certainty of payment on time.

In his supervision of credit to customers, the publisher needs to exercise great skill and caution. Credit must not be allowed unless there is an excellent reason for doing so.

Each case of an applicant for credit from the newspaper should be decided upon its merits, although in the administra-

tion of a business, it is possible to group credit risks into several well-defined classes.

When a firm asks for credit, the decision to allow or not to allow the accommodation should be made upon the following points:

What kind of men are the applicants? Do their character and reputation for meeting obligations warrant the extension of credit?
How is the business being conducted?
What is the capital of the individual or firm asking credit?

These three points are essential in reviewing a request for credit, either from a large or small business. Naturally, the publisher in the average sized city knows local conditions—the approximate wealth and the reputation of those with whom he is doing business. So the investigation he makes in any case need not be as rigid as would be necessary in the case of a wholesale house doing business with out-of-town customers.

For the purpose of systematizing his credit department, the publisher needs to have credit records of his customers, records which he may obtain either from the agencies furnishing credit information or, in the case of old customers, from his own records. Before granting credit, the character of a business, its size, and local conditions, should be taken into account.

If business conditions are below normal, the publisher is not likely to grant extended credit to a business of doubtful financial soundness. In the case of a local account, the amount of a bill for space will not usually be large, and so the publisher can feel that if reasonable care is exercised in granting credit and if the collection department functions as it should, a rather liberal credit policy can be maintained with comparative safety.

Credit Information

As has been said, the credit department needs to have available credit information about all possible customers. The usual sources of credit information are:

Dun & Bradstreet, Inc., Reports.
Trade and bank references.

Special reports from advertising agencies or solicitors who obtain the account.

The paper's own record of past transactions.

On the basis of this information, the newspaper can well keep separate card records of customers' credit. This can be done through the classification of the customers' accounts into the following groups:

1. Prompt settlement.
2. Accounts due. Advise.
3. Accounts past due. Check up.
4. New accounts. Financial standing in question. Watch closely.
5. Doubtful accounts which unless paid at once, must be denied further credit.

Through some such classification the business department knows at all times the status of funds due the newspaper on advertising contracts. The efficiency of the credit and collection activities of the business office depends upon close attention to each account. It is expected that money will be paid when due, so that the receipts of the business may be reckoned upon in advance. If bills are allowed to lapse, the publisher is practically lending money to his customers to finance their enterprises. While a publisher is giving special credit to others, he, himself, may have to go into the credit market for a loan with which to meet his own maturing obligations.

The collection process falls into the following several well-defined stages: notification, "tickler," reproach, discussion, and resale. When a bill becomes due it should be routine to notify each customer of the status of his account. If payment is not made within a proper time, probably a ten-day period, a "tickler" or reminder should be sent inferring that an oversight may have caused the delay.

After this second stage, more forceful action can be taken; the customer can be reproached—made ashamed. Here it should be pointed out that an obligation was incurred in good faith and that all good business principles dictate that prompt settlement should be made. If such procedure does not provoke payment, there may follow a discussion of the case, in which it frequently may appear that the customer is in financial difficul-

ties and needs extended credit, which most publishers are glad to grant. The point is that the publisher must be advised of the situation.

If discussion fails, then the case reaches the last stage, or that of resale. The customer probably has come to doubt the value of the advertising space that he has purchased; he may believe that he has been tricked into the contract and that no results beneficial to him have occurred. Here is probably a case of misunderstanding on the part of the customer. To remedy the situation, the publisher needs to resell the contract. It may have happened that a solicitor has not truthfully represented the results to be expected from the advertising. By a personal interview, if possible, a reselling of the good faith and service of the newspaper may save a valuable account.

The credit department needs to be closely affiliated with the sales department, for better business will result if advertising solicitors are informed about the credit of prospective customers before spending time in an effort to win the account. The newspaper publisher does not make money from poor accounts.

One capable credit man outlines the operations of a credit department as follows:

1. Maintain records of all debits and credits of customers.
2. Investigate, allow or refuse new accounts, according to decision based on credit data received.
3. Make out customers' statements in duplicate or triplicate as necessary.
4. Conduct credit correspondence.
5. Coöperate with other departments on customers' ratings, especially sales and collection departments.
6. Watch complaints or calls for adjustments of accounts.

Since the circulation department is organized separately from the principal revenue-producing department of advertising, the circulation manager should be responsible directly to the business department for so much money collected from local subscribers, or collected through the mail. His records should be complete; full information should be available for the publisher and the business manager. Slow subscription accounts should usually be handled by the circulation manager, with the

coöperation of the business manager or publisher, especially on questions of policy. The circulation manager's daily report should go to the accounting department, his cash to the cashier or treasurer, together with the proper record of the transfer of funds.

This notation on circulation collection is made because it is unusual for a business to have what might be regarded as two collection departments. This is true in the case of the newspaper because of the nature of the product, with subscriptions producing a small part of the revenue, and with advertising space producing a large part.

The Publisher's Credit

It is as necessary for the publisher to keep his own door step clean as it is for him to aid his customers, through insisting on prompt collections, in keeping theirs well swept. The publisher should know approximately what his bank balance, his accounts payable, accounts receivable, and invested surplus, amount to each day. Receipts for each month should be estimated so that purchases may be made with the knowledge that thirty days will see a settlement of the outstanding accounts to date. If the publisher does not enjoy a high credit standing, his reputation among his fellow business men will be impaired, and he will be poorly situated to demand prompt payments from them.

Poor credit rating usually indicates lack of ability to carry on the business. The publisher needs to keep his own house in order.

CHAPTER XIV

NEWSPAPER ENTERPRISE

Publishing Success

The rewards of publishing a respected and profit-making newspaper depend upon the ideals of the publisher, the soundness of his business policy, and the enterprise with which he conducts both the editorial and business divisions of his plant.

Enterprise is a synonym for energy. Unless the publisher has energy, or is able to collect executives around him who possess this quality, he is due for loss of standing and profits, because competition is ready to capitalize the opportunities he neglects.

In the newspaper business, as has already been pointed out, acceptance on the part of the public and progressive business policies, both, are necessary in publishing a dividend-producing newspaper. Public acceptance depends upon service, good service. The newspaper is taken principally because of its news columns, although there are newspapers which are bought by many for other reasons, the Springfield *Republican* for its editorials, the Chicago *Daily News* for its advertising, the New York *Daily News* for its pictures and features.

Enterprise must be shown in perfecting the editorial service and in extending the annual volume of business. Evidence of character in both divisions of newspaper service are essential. These two, enterprise and character, are the handmaidens of publishing success.

Editorial Enterprise

If there be one dominating factor among all the complex forces that make for success or failure in newspaper publishing that factor is editorial enterprise. It represents the grand

strategy of the publishing business. Compared to editorial enterprise, editorial policies, however important they may be, are minor tactics that, along with circulation department policies, advertising policies, and departmentalized activities, find their correlation through editorial enterprise. Editorial enterprise encompasses the circulation department, for it creates and maintains reader interest and thus maintains circulation. It reaches into the advertising department, for it creates and maintains sales promotion. There is distinct news and editorial interest in advertising. Editorial enterprise capitalizes that interest and value by correlating news and advertising. For example, in a small way, the publication that has a constructive and far-seeing policy as to the content of news and editorial columns will make similar requirements for its advertising columns. Further, it sees to it that the public knows and appreciates that fact.

Naturally, editorial enterprise is the particular province of the publisher or his representatives. Editors, advertising managers, heads of circulation, publicity, promotion, mechanical, and other departments function largely as specialists, and their efforts are effectively merged according to the editorial enterprise exhibited by the publisher. This subject is so broad and comprehensive, it is so much the essence of the publishing business, that to discuss it further in a general way would be to incur the liability of burying it in a mass of words. Therefore, this chapter will present editorial enterprise as it is actually put into practice in different ways by a large number of newspapers. These examples are from a wide variety of newspapers in large and small cities presenting varying conditions. Names of publications are omitted that comment may be untrammeled.

Standardization

Standardization has been so much a benefit and yet so much a destructive force in the publishing business that one outstanding American afternoon daily recently went into the question exhaustively. Its publisher wished to know how much was standardization and how much was mere imitation in his paper. A great deal that goes under the head of standardization is largely

imitation—something adopted without thorough analysis merely because other publications are adopting it.

Without the knowledge of the managing editor or any of the editorial staff, the publisher put his right-hand man, a vice president of the company, on the subject of standardization. For six months this vice president and another assistant analyzed and compared news, editorial, feature, and promotion content of their own paper and of every other large significant newspaper of comparable size. They analyzed syndicated material, from "comic" strips to the more serious market, financial, literary, and all the multiple varieties of feature services that are offered to the publisher by a veritable host of enterprises that have developed feature selling to a high point. They proved, as they already knew they would, that by means of syndicated news and feature services they were giving a maximum of news, entertainment, information, and helpfulness to their readers at a minimum cost. That far, they determined, they had standardized their paper with excellent results. But they discovered, too, that such standardization was standardizing the individuality of the paper out of existence. Their paper was amazingly like too many other papers. They were all imitations of one another. Standardization had to a large extent eliminated the paper's appeal to the public as a distinctive publication filling a definite need that no other paper quite filled.

Nothing drastic or revolutionary came from this survey. Instead, the publisher at once began an evolutionary program. As a first step he developed a local feature to run every day for a year, a feature that could be found in no other paper, that appealed to local pride and community spirit, and that was calculated to promote the welfare of the city. Other changes are being gradually made in the paper, all with the purpose of giving greater newspaper service to readers and at the same time giving the paper a more outstanding individuality and making it exist in the public mind as a definite, distinct entity. The author is not permitted to make more detailed reference to this survey of standardization and imitation as against genuine, forceful newspaper initiative and individuality. The survey was made at considerable cost. To reveal its findings further

might defeat the purpose of the undertaking by giving to the paper's competitors the results of the editorial enterprise shown by the owner of the paper, who has built it up in the last twenty-five years from a bankrupt property to one of the notable and profitable afternoon dailies in the United States, in a city where competition is unusually active.

Advertising managers, agents, and solicitors have had much to say since the World War as to newspaper consolidations being caused by economic conditions. They have pointed out that advertisers could not afford to buy double coverage to the extent they did formerly. This is true, to some extent. But it is not the whole truth, nor by any means the whole cause of a remarkable number of newspaper consolidations. Back of this is another contributing cause. Standardization has weakened the public appetite for newspapers—for *newspapers,* not for the newspaper. It is true that the motor car and the motion picture have absorbed a large part of the time the public formerly gave to newspaper reading; but newspaper standardization has helped to bring about the change in reading habits. Older newspaper men can recall when it was almost a universal custom for the public to read what one paper printed on a subject of great interest, and then to say, "Let's see what the other papers say about it." There was more demand for, and more reading of, a greater number of newspapers, for newspapers had more individuality.

To-day there is frequently no outstanding difference among a large number of newspapers. The same press associations' reports are carried in a great number of them. There, of course, can be little difference in accurate reporting of the substance of the news. Standardization is compulsory there. But it is not compulsory as to individuality in presenting news, and yet we see to-day almost nothing but follow-the-leader, imitative presentation, as practiced by many existing papers and as it was practiced by a majority of the publications that have lost their existence in mergers or consolidations. Outside the "straight' news content standardization has worked even a greater damage; for example, the newly-necessary comic strips —one series of features in one paper and a somewhat different

series for another publication, but all of them working along the same line and with much the same appeal. There is little need for the public to pick up more than one paper in the morning and one at night. Individuality has dwindled. There is nothing to see in one paper that, generally speaking, cannot be found in another; or something so similar that it is a good substitute. Perhaps the foremost active principle in newspaper publishing to-day is to create a public appetite for certain universal types of information, entertainment and helpfulness, not to create an appetite for such things as are put out in distinctive form by an individual paper itself. As a result, standardization so called, or imitation, has combined with increased publishing costs and with motor cars, radio, and motion pictures to lessen the public demand for newspapers.

Probably there have been, and possibly there are, too many newspapers. A smaller number might serve as well, perhaps better. The survival of the fittest is all very well for the fittest, but it may be quite uncomfortable for the unfit that could be among the fittest. There are many phases of this subject that cannot be included in so brief a discussion. The central fact, however, is the one stated in the foregoing paragraphs, that standardization, or imitation, is a vital subject in newspaper management, one that the publisher may well consider on every occasion. A newspaper is an industrial product. As such it must follow certain industrial principles and practices. But loss of individuality of a product, whether it be a newspaper, a brand of shoes, soap, an automobile, or a garment, is too great a price to pay, in cutting overhead and other costs, for economic production.

On the other hand, imitation and standardization are sometimes most useful and profitable. One of the larger publishers in the United States has achieved success by being a follower, an imitator. He is constantly searching for features and policies that have been tried in other publications and have made successful appeal to reader interest, and which he can adapt to his publications. He has done a few original things that attracted much attention; but on the whole he has adopted a sit-on-the-fence policy until some one else has tried out the

"novelties." Then he has adopted, in one form or another, those that have proved popular and profitable. He specializes in culling publications in fields distant from his own operations and passing on to his editors the ideas he picks up there. The only reason he confines his attentions to American and British publications is that he reads only one language. If he read several languages, no doubt his publications and his readers would profit thereby, for no idea is too good for him to adopt, once it has proved itself.

Whatever criticism personal or professional pride would make of such a course, it is to be said to this publisher's credit that he at least displays originality in giving his papers a somewhat borrowed individuality and at the same time avoiding many of the defects of standardization.

Going into the field of the small city or town daily, many of which are profitable and give excellent service to their communities, we find that standardization has not had so acute a development as in larger cities, though it is true that mat, plate, fashion, and other services are freely used. Ten or fifteen years ago the tendency of small dailies was to imitate the big city dailies, but the consolidation epidemic came earlier to small cities and towns than to large cities and, as a whole, publishers of small dailies probably have now a more correct estimate of their field than have many publishers of large city papers. The small publisher is closer to his reading public, to his smaller editorial, advertising, circulation, and plant forces, and to the conditions and needs of his community, than is the average publisher in the larger field. His problems are not so large. He can correlate all divisions of his organization more efficiently. But basically his problems are the same and his solution of them requires much the same mental processes, for all newspapers have a very definite and prescribed field of activities, in giving the news, in providing entertainment, in supporting the community welfare both in politics, government, business, social life, education, morals, health, and general well being and progress.

As an example of one small town publisher's success in gauging the needs of his community and his editorial enter-

prise in meeting them, there is, in a town of 12,000, an afternoon daily that has survived a half dozen competitors and yearly has been more and more successful. The paper bears a hyphenated name, as evidence of three or four consolidations in which it has absorbed weak competitors. For convenience we will give it the assumed name of *Tribune-News*. The *Tribune-News* successfully meets sharp competition from two strong dailies in the state capital less than thirty miles away and from five daily newspapers in a city less than fifty miles distant. The *Tribune-News* publisher was told at a state editorial association meeting that his paper would be a model for an excellent small town daily if he would discard his pony press service and take a larger or even a complete telegraph service. That publisher's reply contains a mountain of common sense in a few words that should be of value to younger men in the publishing business, even though it may not appeal to publishers of large papers. He said:

With a pony telegraph service I fill a small need, which is the only competitive service required of my paper. That service is to give the most important world news briefly to a very few subscribers who do not read any other newspaper. But most of my subscribers read telegraphic news in one of the papers from the state capital and perhaps in the industrial city nearby. Those papers are constantly in competition with one another. They offer complete press reports and all of them sell the same kind of newspaper service to my subscribers. But my paper has a different kind of service to sell, local service, which none of the five big papers can supply. I am alone in that field, without a competitor. People read my paper because it tells them the news of the home community. I would be foolish to crowd out local news with press dispatches that my readers can read in any one of seven papers in our territory. I build up community interest in our town and our county by publishing local item departments three times a week from county villages and from rural routes and schools. Constantly I appeal to local pride and community spirit. I run a fashion mat service. You may say that that is contradictory since I cannot compete with the fashion news in the city papers. It would be unwise, if I did not make that mat service support the advertising of our local stores and the advertising of the local stores supports my little mat service. That is editorial enterprise. There is an intangible coöperation between good advertising and such a feature

in building community spirit. That's part of my paper's job, to build and maintain local interest. If I printed full press dispatches I would be imitating city newspapers and doing a poor job of it.

Brooklyn and certain Massachusetts cities are excellent examples of how well the principle of appealing to local interest works out in large cities when properly applied. It is largely a constructive function; it is less critical than laudatory, for the passing of the heyday of the muck-raking publication, of about the opening of the century, proved that people like to read cheerful news, although there is, to be sure, always an appetite for crime and scandal. Many muck-raking publications went into a decline, not because of any sinister combination which dimmed the white light of publicity, but because they did not give a sincere editorial service and because people did not respond to advertising in publications that preached disaster. It is a standing utterance of a certain city editor of one of the best known city dailies in the United States, "Kick a policeman in the face." By that he means that the paper not only should crusade against immorality in the community and against police corruption or incapability in suppressing crime, but that an attack on the police department always appeals to a certain amount of public interest and that it is a safe procedure since the police cannot effectively fight back.

Newspaper Content

Newspaper content varies greatly in different cities and communities. Competition moulds different kinds of papers in Pittsburgh, Milwaukee, Denver, and San Francisco from those in Boston, Philadelphia, Detroit, and Kansas City. Papers educate their publics and publics educate their papers. Racial, social, and economic factors play an important part, and you will find in every city a very definite publishing condition that has developed from racial, social, or economic conditions. Likewise, the large city paper has privileges and limitations that the small city paper does not have, and vice versa. It is the work of editorial enterprise to ascertain these limitations and opportunities, as they exist peculiarly to every community. It is a work that cannot be fully and effectively done by the usual

editorial staff. It requires the broader training, contact, and outlook of the competent publisher.

Editorial enterprise is manifest every day in a routine, standardized way by almost every editorial staff in the country. For example, there are milk, ice, and summer home campaigns for poor families in summer; Christmas baskets, coal, and clothing in winter; law-enforcement, anti-vice, safety, educational, patriotic, charity, and a thousand other activities promoted continually by newspapers to demonstrate their service to, and their interest in, the community and to create public interest in, and appreciation for, the paper. They are so frequent and their handling is so much a matter of routine that they often seem deadly commonplace. They, too, have been standardized, industrialized.

It is very natural that editorial staffs standardize and industrialize the individuality out of news and editorial columns. While editing a newspaper requires a certain skill and frequently the exercise of a fine ingenuity it is also largely a set practice, somewhat cut and dried. Although there is real ability called for in the searching for and presentation of news facts, some newspaper men become in reality merely routine workers. They frequently display originality and ingenuity of a creative sort, but no small part of the average reporter's work is clerical, and desk men, from the managing editor down, aside from problems of editorial and executive responsibility and of policy, frequently function solely as clerks whose business it is to handle that highly perishable commodity, news.

This does not mean that editors and reporters do not frequently exercise a great deal of editorial enterprise. They do. The point is that their work exacts so much routine functioning from them that there is neither time nor incentive to get a big view of the paper's potential usefulness. The developing of potential usefulness is the essence of editorial enterprise just as editorial enterprise is the greatest exemplification of a newspaper's power. The more useful a newspaper is to its community, the more useful it is to its staff and its owners. Hence editorial enterprise resides in the publisher. He is responsible for it, for the correlating of every department so as to produce

a paper that is useful in giving news, information, entertainment, inspiration, helpfulness, recreation, and protection to its community, as well as exercising creative force in business and economic life.

Enterprise in the Community

Unless the publisher is willing to view his community with a vision that foresees a happier, healthier, and more wealthy citizenship, both individually and collectively, he does not have a conception of the sort of enterprise that means, in his trade basin, social and political betterment.

Space will not permit the citation of cases in which newspapers have won battles in the interest of local progress and of improved municipal administration. Survey of the achievements of newspaper campaigns reveals the elimination of grade crossings, the erection of improved railway stations, the municipal ownership of local street railway transportation, the creation of parks, better public school administration, better police and fire protection, improved highways and streets, a plan for the development of public buildings according to architectural beauty and utility of layout, both in reference to the buildings themselves, their relations to each other, and their cost.

The newspaper is a guardian of public interest and should champion the application of business methods to government. Progressive business operates upon a budget plan; a city should do likewise, although many municipal officials are not fully acquainted with the effectiveness of budgetary control. The newspaper can show the way to better municipal methods through the editorial page and through the giving of space to informative feature articles and interviews on better governmental methods. The news columns are for the purpose of news, not for propaganda; nevertheless the option of the editor must be exercised in the selection of news and features. If the articles dealing with governmental problems are localized, they will have the necessary human interest to classify as worthy of news-column presentation.

Social Enterprise

It is equally within the province of the newspaper to apply its endeavors to the adoption and extension of those interests which aid and improve the community in the broadest social sense. While there are many semipublic organizations that foster the public welfare in both preventive and constructive programs, definite progress cannot well be made without the aid of the newspaper.

In these days of increasing numbers of charitable and educational organizations, the newspaper can take a hand in bringing some semblance of order out of the chaotic conditions arising from indiscriminate giving. Through the support of community chests the newspaper can bring better management and more helpful charities to the city that has outgrown neighborhood giving. In cities where metropolitan conditions have supplanted the old practice of individual giving direct to the needy, some leadership is required. The newspaper has its opportunity for social enterprise here. It can give editorial and news consideration to such movements.

The fact that such a newspaper as the Chicago *Tribune*, recognized as a foremost newspaper property because of the strength of its management, annually adopts the Good Fellows' Club, is adequate proof of the wisdom of such active policies for community good. It is true that in some smaller cities the established social agencies are sufficient to take care of the needs of the poor, but nevertheless, the aid of the newspaper in increasing the effectiveness of such agencies as the Salvation Army is almost indispensable.

While the newspapers of the country have usually been farsighted enough to promote parks and playgrounds, not so many have given attention to amateur athletics.

Thousands of inches of space are given to professional sports and sporting comment. This space is of reader-building interest, but progressive dailies are now trying to devote more space to amateur athletics. The support of amateur athletics has both a selfish and non-selfish basis. The more that amateur athletics can be promoted, the more names will appear in the paper, thus building personal appeal. In a social sense, the

promotion of amateur athletics makes better communities and better citizenship in both present and future generations.

If the newspaper management is able to finance such activities, amateur contests in various sports help in building good will for the paper and in creating better sportsmanship in the community.

Commercial Leadership

The success of a newspaper depends, in large measure, upon the success of the town in which it is located. The best management in the world cannot make a newspaper of dominant character if the field is unprofitable and unprogressive. Towns depend for their success, in part at least, upon their commercial activity. If the newspaper management understands the commercial texture of a community, it can see what commercial and industrial policies would make for a better city.

In the endeavor for greater development of the community, new factories and enterprises are usually sought. The newspaper publisher must ask what the industrial leaders outside the town wish to find in a town or city in which they are to invest their capital. Obviously, these industrial leaders want a town with a school system that provides vocational training; a town with a good supply of moderately priced houses to rent; healthful recreation facilities; and community willingness to realize that business progress is largely a problem of teamwork.

One difference between a "dead" town and an enterprising town—a town with increasing population, growing bank deposits, and substantial programs of municipal development—is that the "live" town usually has an active and wide-awake chamber of commerce. Coöperation with such a local chamber of commerce and its affiliated national body, the United States Chamber of Commerce, means a definite program for thrift, progress, and enterprise.

Through a functioning chamber of commerce a community can capitalize local leadership in gaining a more healthful, a happier, and a cleaner city. If a town has reasonable taxes, good schools, and a forward-looking citizenry, new enterprises will seek its advantages. In making a community, the news-

paper plays an important part, both in pointing the way and in fighting for those movements that help the community socially, politically, and commercially.

Enterprise in Management

Should the field justify it, the publisher of a morning paper may improve the opportunity of issuing an afternoon edition or of buying a rival publication in the afternoon field.

The advantages are direct and compensating. Overhead costs are reduced through the publication of two newspapers in one plant. A twenty-four-hour newspaper has greater opportunity of capitalizing news breaks, and can present to the advertiser the peculiar advantages of coverage of the afternoon paper in the town itself and, of the morning paper, in the entire trade basin.

Changing conditions have wrought developments that demand aggressiveness in management. On the editorial side, the radio has taken over much of the function of bulletinizing news; the newspaper story must do more than repeat the flash given a few minutes previously by the loud speaker. Emphasis must be on honest news, as well as background. Pictures as developed by Wirephoto must be emphasized, together with color printing that will brighten advertising pages and enhance the attention value of commercial offerings.

If the daily is situated in a trade basin sufficiently isolated from the larger city paper's Sunday competition, and if the potential volume of business warrants, the addition of a Sunday edition, with consequent larger income, is a possibility which should be carefully considered.

Feature sections and comic supplements can be purchased from feature news syndicates, giving to the relatively small paper some of the appeal that sells large dailies.

On some smaller dailies in which the Saturday edition has not been profitable, this edition has been dropped and a Sunday edition added; this plan has been demonstrated as a profitable change, for more advertising has been carried on Sunday, which is of course nearer the possible spending moments of Monday, when general business is resumed.

Enterprise in management is again evident in a plan to which reference has been made earlier in this study; this is the plan of merging the mechanical and business departments of competing newspapers, with entirely separate editorial offices and independent editorial policies. Numerous weekly newspapers have adopted this course in order to cut expenses of production.

While in many smaller newspapers the publisher acts as promotion manager, in fact if not in name, some newspapers have found that it is profitable business enterprise to have a centralized promotion department to act as a type of advertising agency for the papers, thus centralizing circulation, advertising, and institutional promotion under the direction of one department head. Such enterprise in management means alertness and efficiency in newspaper production.

Tabloid Newspapers

In recent years, the successful introduction of the tabloid newspaper has raised a problem for all newspaper publishers to watch closely. Whether the tabloid newspaper will supplant the regular-sized newspaper is a question for the future to determine. The phenomenal success of the New York *Daily News,* together with the success of the English tabloid newspapers published in London, proves that there is a place for the tabloid.

Many so-called tabloid features are in keeping with popular demand, and newspaper plants will need increased facilities for handling photographs and engravings wherever a tabloid newspaper is established or tabloid features are adopted. Newspaper men, as well as students in the schools of journalism, will need to study the value of pictures and their preparation.

Combinations

The multiple-unit idea furnishes unmistakable evidence of enterprise in management. Within a comparatively few years the number of daily newspaper chains has increased to considerably more than fifty; chain operation is proving effective also in the weekly newspaper field, although the danger of absentee ownership must be overcome.

This idea of group ownership will doubtless continue, for the plan offers opportunity for the investment of large capital, as well as economic advantages of operation. It is unlikely, however, that the chain newspaper can drive out the locally-owned newspaper, if the locally-owned newspaper uses the same methods of economic administration and gives genuine service to the community.

Some of the most successful chain newspapers are those of the Scripps-Howard organization, the Booth Publishing Company, operating a number of dailies in Michigan, the Perry newspapers, and the Hearst newspapers. Through good service to both advertisers and the public, and through indomitable publishing enterprise these chains have won a place for themselves. They are a challenge to the management of locally-owned newspapers.

Government Newspapers

From time to time, the question of publicly-owned newspapers comes to the fore. Indications are, however, that publicly-owned newspapers will never, under present economic conditions, take the place of privately-owned newspapers. The government has no monopoly on leadership. As long as public-spirited men serve as editors and owners of newspapers, they will have the privilege of continuing their leadership—at least, until their service is no longer backed by intelligent and businesslike management and enterprise.

"The newspaper is, and should be, a private institution," says E. Lansing Ray, publisher of the St. Louis *Globe Democrat*. "Only as a private institution can it have the free initiative, the independence, and the enterprise essential to its largest and best development. As a private property it should sustain itself and grow from its own resources. That is to say, it should not be dependent upon any revenues that it does not itself create through legitimate and honest business of its publication. And if, so conducted, it produces a profit, it is fully entitled to the reward of its enterprise and becomes more capable as an instrument of public service.

"Whatever the material considerations, the newspaper is a

private institution conducted for public ends. Its task is to supply the public with information; and information and opinion are essential to all public activities, particularly so in a democracy. Wipe out the newspapers and the people would grope in the darkness for lack of knowledge of what is going on in the community, the state, or the nation."

CHAPTER XV

EDITORIAL POLICIES

Standards

"Be decent, be fair, be generous," was one of President Harding's instructions to his staff on the Marion *Star*. His editorial philosophy reflects the underlying thought of many American editors. Moreover, the crystallization of ethical standards in definite codes has become sound newspaper practice.

The newspaper, as has been noted elsewhere in this volume, is a quasi-public institution. Its relations with the public might be said to constitute a contract. The publisher promises to deliver to his readers the news of the day, interpretative articles, and amusement, in consideration of a stipulated subscription price. To the purchaser of advertising space he promises to distribute a particular advertisement through the medium of his newspaper.

If the fundamental ideas of the publisher are sound, many of his decisions on policy are easily made, for he has only to apply to his problems the basic editorial concepts controlling such cases, and then act accordingly.

Primarily, the publisher's duty is to print the news; that is the reason for the existence of the newspaper, although there are newspapers, so called, which make their bid for public favor on feature and human-interest material rather than on news.

News is a timely record of action or opinion. Action, in this case must have a broad interpretation, for the contract of the publisher is to report to his constituency what its members do, think, and feel. To fulfill this contract demands intelligence, knowledge, experience, as well as close observation and careful reasoning.

The publisher is more than a chronicler of events and the thoughts of men; he is a teacher and leader, giving the facts of the world as these facts become significant through the turn of affairs, and pointing out the meanings of news in the light of history, science, and politics.

In his position as director of the policies of his newspaper, the publisher assumes duties to his community, to government, to business, and to himself. To the community served by his newspaper, as well as to the government, he should be no less than a good citizen.

While important news should not be suppressed, it must be remembered that this question of importance places the necessity of selection squarely before the editor. An actual record of all the events and happenings in the world would be a photograph of these events with all their detail. A record of the more important happenings might be compared to a composite picture of the events of the day. In editing a newspaper, it is practically impossible to present a photograph of all the happenings; the paper's obligation is, rather, to present the essential lines, tendencies, and details of community, state, national, and international news.

Relations to Business

In his relations to business, particularly to the business interests of his city, the publisher needs to live up to his peculiar opportunity to be a leader. Business men often see only their own problems and forget entirely the welfare of the community, particularly the economic welfare as it is affected by economic trends and by legislation. But the newspaper, because of its news sources and its business of gathering and digesting information, has a capital opportunity to follow trends in general economic and social development. If the newspaper fails to enlighten and advise its constituency here, it fails to fulfill its duty. In its relation to the business of its community, the newspaper may regard itself as an entrepreneur. Its purpose is to build the welfare and strengthen the financial standing of the citizens whom it serves.

In these days of coöperative efforts in business, particularly

in trade association activity, business men, contrary to former practice, are taking interest in the affairs of the business community as a whole. However, this changed attitude is materially aided if the newspaper gives its earnest efforts to upbuilding local thrift and enterprise.

Relations to Government

If the privilege of distributing news and information, as well as the privilege of enterpreting events for the public, is conceded to the newspaper, the publisher, especially in a republican form of government like ours, has a place of vital responsibility.

The success of a republic depends in a large measure upon the participation of its citizens in the expression of opinion as to both laws and candidates for office. If citizens do not accept their responsibility, if they fail to go to the ballot box, they are renouncing a privilege and a duty. The cause for failure to vote is largely lack of interest in public affairs. It is, therefore, the business of the press to report accurately the political and governmental affairs of the day. They should also be presented interestingly, and without partisan bias. A newspaper may be partisan in its editorial policy but in its presentation of news, its only basis of judgment should be news value, with common sense and decency as necessary safeguards.

The citizen cannot express an opinion on federal, state, or municipal questions, if he is uninformed. In meeting his need for truth, the publisher should see that not only the political angles of public questions are presented, but the social and economic aspects also.

There is a tendency for American citizens to disregard party affiliation, particularly in municipal elections; however, the publishers of many daily newspapers are aware that the individual's effectiveness in government, so easy in Colonial days, is more difficult now, and that policies can be initiated and carried into execution only through organization. For this reason, many publishers feel justified in conducting what they believe to be independent Republican or independent Democratic newspapers, in which it is the aim to treat news impar-

tially, while supporting editorially either one of the major political parties, with the reservation that what, in their opinion, is unjust or insincere may be freely criticized. Even opposition policies may sometimes be followed.

Although a newspaper may be partisan, the general practice is to present fairly the news of opposition party activities, though, naturally, a partisan editor is not likely to "play" an opposition story or opposition feature material to the extent that he does news material of his own political party.

The principal obligation of the publisher in his relations to government is to present the news. News is the basis of discussion and opinion. If the newspaper does not give accurate reports of the day's events, society is likely to be governed through fear, rumor, and mal-administration.

The American newspaper is a private enterprise with a public function. Its freedom and integrity are guaranteed by the Constitution of the United States. If it fails to achieve its true purpose and character, it no longer acts the part of a good citizen.

Throughout the life of the nation, the freedom of the press has been emphasized. "In popular governments," said Daniel Webster, "a free press is the most important of all agents and functions. The conductors of the press, in popular governments, occupy a place in the social and political system of the highest consequence. They wear the character of public instructors."

In carrying out its obligations to its public, the British press has for many years laid stress on the editorial page, and the editorial "leader." These editorials in the main have been scholarly—thorough. They have had, however, the disadvantage of being long, and also of being uninteresting, except to certain classes. These faults, when found in an American newspaper, hasten the present tendency of the press to lose its influence or to share its former place of supremacy with the magazine, the motion picture, the radio, the automobile, and the phonograph.

In contrast to the typical British newspaper policy, as expressed for many years in some of the leading London jour-

nals, the Hearst newspapers have a policy of making everything, news, editorials, and features, interesting, in the belief that they must be interesting if they are to be read.

In the opinion of many readers, the Hearst newspapers carry this human-interest appeal too far; but such overemphasis is perhaps no greater an error than that of many other newspapers which commit the error of "uninterestingness."

There should, of course, be some common ground between these two extreme, and oftentimes dangerous, policies. The human-interest newspaper, if the quality of human interest is stressed too greatly, runs the danger of being superficial and insincere, to say nothing of being sensational and "yellow" when perhaps the publisher is actually endeavoring to follow out a constructive, helpful policy. If a newspaper is editorially heavy, trite, and lacking in interest, it is likely to fall by the wayside in the competitive race with more alert and interesting publications.

Naturally, the whole question of interest is a relative one and depends upon the class of readers sought. To some readers the New York *Times* might be lacking in interest. To others the New York *Evening Journal* would be altogether too emotional. The answer to the problem in New York is found in the fact that there are sufficient numbers of different classes to support both kinds.

In the small city the publisher has to know his readers and then serve them the merchandise that is in demand. Such a policy is good salesmanship, and does not necessarily mean that the publisher or his newspaper is lacking in ideals of service to his community or of honesty toward his readers. Because a newspaper uses human-interest appeal, in either a major or minor degree, is no cause or justification for dishonest reporting and insincere editorial policies.

Modern merchandising methods of department stores give excellent examples of different appeals. One department store may sell low-priced merchandise and may consequently have a large patronage. The goods sold in this department store may be honest values and in many cases standard merchandise. Because the store caters to a less exclusive class, is no indication

that the owners of the store are dishonest or lacking in ideals. Another department store may endeavor to win the patronage of the most wealthy. The patterns it sells may be more exclusive, and the service features of the store more strongly emphasized. But this policy is no index of the honesty or high ideals of the owners. The special form of merchandising is used because it is good salesmanship.

Likewise the publisher of a human-interest newspaper, or the publisher of a conservative newspaper of the older school, cannot be judged alone by the type of newspaper published. A human-interest newspaper may be trying to serve, even more than an old, conservative newspaper that has long ago lost its youthful vigor and enthusiasm.

In this discussion, however, the writer does not suggest that the human-interest newspaper has any license to distort news, malign public men, or otherwise serve a dishonest cause. Benjamin Franklin, in his *Autobiography,* said:

> In the conduct of my newspaper I carefully excluded all libeling and personal abuse, which of late years have become so disgraceful to our country. Whenever I was solicited to insert anything of that kind, and the writers pleaded, as they generally did, the liberty of the press and that a newspaper was like a stage-coach, in which any one who would pay had a right to a place, my answer was, that I would print the piece separately if desired, and the author might have as many copies as he pleased to distribute himself, but that I would not take upon me to spread his detraction; and that, having contracted with my subscribers to furnish them with what might be either useful or entertaining, I could not fill their papers with private altercation, in which they had no concern without doing them manifest injustice. Now, many of our printers make no scruple of gratifying the malice of individuals by false accusations of the fairest characters among ourselves, augmenting animosity even to the producing of duels; and are, moreover, so indiscreet as to print scurrilous reflections on the government of neighboring states, and even on the conduct of our best national allies, which may be attended with the most pernicious consequences. These things I mention as a caution to young printers, and that they may be encouraged not to pollute their presses and disgrace their profession by such infamous practices, but refuse steadily, as they may see by my example that such a course of conduct will not, on the whole, be injurious to their interests.

Franklin saw the dangers attendant upon a free press. His ideals may well be digested thoroughly by the newspaper publisher of to-day.

Incorporated in his ideals as to the newspaper's relations to government are the principles of his own relations to individuals who might wish to use the press as an agency of personal abuse. Franklin's reactions may be taken as typical of the best editorial practice of the eighteenth and nineteenth centuries.

The growth of advertising and the consequent necessity for regulation, have brought about changes in editorial practices. The advertising columns are no longer regarded as an open forum, where uncensored accusations and dishonest commercial schemes may be exploited. The present-day publisher seems to feel that his responsibility carries over to the advertising columns. This attitude revealed itself, for example, prior to the passage of the national prohibition act, when many newspapers refused to accept advertisements for whiskey and other spirituous liquors.

Relations to Society

Because of the nature of the newspaper business, the publisher holds a peculiar relationship to society. He is at once the leader and the servant of his community. If he fails to exercise these functions, he loses opportunities for service and also financial rewards.

The policies of the publisher are revealed in the kinds of news and editorial material he prints. Naturally, there are some news stories which no newspaper should, or would, neglect to publish. Nevertheless there are many news stories which can be discounted in value by means of editing. Sometimes this type of selection and editing is motivated by ideals, or a lack of ideals, not consistent with the best interests of government and society in general.

In selecting and editing news for the particular group he serves, the publisher needs to institute at least a few simple but definite policies. Such policies might be outlined as follows:

Maintain the level of common decency; publish a newspaper that is welcome in the home.

Tell the essential news; select it well, for news is the basis of opinion in a republic.

Be honest and fair. Remember that there are two sides to every question. Make fair play the standard of news presentation.

Be willing to hear the voice of the oppressed.

Uphold the law of the United States, its constitution, the state laws and the laws of the municipality in which your newspaper is published.

Remember that news should be fair, accurate, unbiased, and impersonal.

Endeavor to bring out the constructive point of view in dealing with your community.

Act with moderation in conducting your newspaper.

Adopt a broad social policy, remembering that sympathetic understanding is the language of all humanity.

Recognize the place of individual leadership and social responsibility resting upon the shoulders of all.

Be loyal; be willing to fight for honest convictions.

Social Policy

While it would be impossible within the scope of this volume to discuss thoroughly the ethics of journalism, a brief mention must be made of social policy. In this country there are many cross currents of political, racial, and religious thought. In this apparent maze of influences and objectives, the newspaper publisher should define for his editors the broad policies of his organization, as the owner or managing director of a great steamship line outlines broad policies for the captains of his vessels.

There are dangers. At times, it seems as if the heritage of governmental policies and economic doctrines, commonly accepted by the greater portion of the English speaking world, is in question. There may be faults in democracy and evils in capitalism. But would not the abolishment of sound representative government and the abandonment of economic policies that have made possible great increase of wealth and opportunity, mean even greater evil and injustice?

The publisher's answer to this question determines whether his newspaper is to stand for sound government and progress

or for unbridled license and unsound economic doctrine. There are grounds for differences of opinion. There is no theory or practice of government, business, or society, that could not be improved. But yet it must be realized that real liberty comes only through law and order; otherwise there is chaos. In business, no other economic doctrine has been able to promote progress, increase per capita wealth, or lighten the physical labors of mankind, as has the generally accepted economic theory that there are four factors of production, land, labor, capital, and managing ability.

For a publisher to turn his back on the advancement the world has already made is to step out of the marching columns of civilization.

There are many angles of social policy that, because of space limitations, cannot be discussed in these pages. Several illustrative cases, however, may serve to show some of the problems as well as some of their solutions.

Race and Democracy

In a society made up of many different racial elements, race prejudices should not be allowed to foment mass hatreds and intersectional discords. In the United States, the race question is a serious one. Many of the older races are easily absorbed; however, the Negro and the Japanese races present problems. Any editorial policy which permits reflections of an unpleasant nature upon any race is unwise.

In the handling of a news story, for example, of a man of Polish descent who has been arrested, it would be very unwise to mention the fact that he is a Pole. Race should not be emphasized.

A newspaper on which the writer was a staff member had such a case when it happened, one Sunday, that a Pole was rescued while trying to commit suicide at the Life Saving Station. The reporter in writing his story said that A. Powoski, a Polack, was arrested for disorderly conduct while trying to commit suicide at the Life Saving Station. The next morning the newspaper received many complaints against the story because of the use of the word Polack. The city editor asked

the reporter why he used the word. The reporter replied that he had verified it in the dictionary before using it in the story. The reporter was absolved from blame.

If the word Pole had been used the offense would not have been as great, but even that was not desirable. Polack is not mere slang, for it is given in some dictionaries; however, it is not an expression in the best repute; educated readers of Polish extraction resent its use.

Take the use of the word "Negro" as another example. Should this word be in upper or lower case? Some newspaper style sheets rule that all races, except Negro, should be capitalized. Others rule that all races, including Negro, should be capitalized. As a question of style perhaps either usage is all right. But if the publisher has a broad social policy should he not treat the Negro race with the same degree of consideration and dignity that he does the Caucasian or the Mongolian classification as to color, or the English, the Polish, or the French classification as to nationality?

It can easily be appreciated why, in some sections of the United States, especially in the South, the word Negro would not be capitalized; however, the native Southerner undoubtedly believes that there is a place for the Negro in this country and that he is entitled to consideration.

Leading Negro educators feel that the welfare of the Negro race lies largely in the hands of the Negro himself. The Negro should not feel sorry for himself; he should not be satisfied merely to be an imitator of the white race. If this doctrine can be accepted, and it should be, the publisher, knowing that the welfare of our nation depends in a measure upon the absence of intense race antagonism, should give his support to every measure that tends to prevent such cleavage of racial groups.

Relations to Crime

Should the publisher capitalize crime news to the point of sensational appeal for mass circulation, irrespective of constructive social policy? The answer would be a simple "no" were it not that, unfortunately, several factors are involved,

such as the question of public welfare, abatement and regulation of agencies that tend to encourage criminal activity, demand on the part of the public for crime news, and the competition among rival papers for larger circulation.

How is the public welfare best served, by publishing crime news or by ignoring crime, as far as the news columns are concerned? The theory on which Charles M. Sheldon published the Topeka *Capital* for one week was based on the question, "How would Christ run a daily newspaper?" While crime was not entirely avoided it was greatly minimized and was given no sensational treatment. It was an unusual experiment and attracted wide notice.

The *Christian Science Monitor* does not feature crime news. But neither the Topeka *Capital* experiment, of some years back, nor the present day practice of the *Christian Science Monitor* can be taken as representing the situation that exists in the office of the average daily newspaper in its relation to its community. The Topeka *Capital* was published under this special policy of crime treatment for only one week. The *Christian Science Monitor* is a newspaper of high excellence but it is under the direction of a religious denomination.

One theory of handling crime news is that it should be "played down," because crime news begets crime and fosters unwholesome ideas in the young. The opposite theory is that crime news should be given to the public as a warning to citizens that they must take precaution against criminals, and also as a deterrent upon criminal tendencies.

Ralph Pulitzer once pointed out that the newspaper acts as the intelligence department of the army of the Good, keeping the officers of that army informed as to the movements and probable movements of the army of Evil.

Conducted according to such a philosophy, the newspaper can be of highest service to the community; but even the acceptance of this ideal does not give license for distortion and bald sensation.

There is no denying that crime is the exceptional occurrence, that therefore, contrary to the theories of some reformers, it passes every test of news value. Crime news should be used

in the newspaper, but it should not be sensationalized in treatment, should not be featured out of proportion to its real significance.

The editor must select the news of importance to his community. He must refine and edit it as the refiner of petroleum changes the form of that product so that it may be used in the industrial world. Refining or editing the news means that it is prepared for presentation, that it is judged as to its importance and quality, its relative value.

Relations to Good Taste

As the newspaper is a public educator, the publisher has a responsibility for the tone of the material printed in his columns. He need not be prudish; neither need his newspaper be brazen. The test can be applied by himself through determining what he would print for his fifteen-year-old son or daughter to read. Even though the modern girl who bobs her hair, paints a little, and isn't afraid to appear in a modern bathing suit, perhaps shocks her grandmother, or at least would shock her great-grandmother, she isn't necessarily bad. Statistics prove that she marries and makes a good American home and a good American mother.

When the publisher sees old-time restrictions removed, he need not "go the world" one better by deliberately catering to low tastes. The problem is largely one for each publisher to work out for himself.

The Cartoon

Good taste in editing a newspaper applies especially in selecting cartoons and comic strips. Naturally there should be in the newspaper of fairly large circulation cartoons suitable for different kinds of readers. There are comic strips about stenographers, office boys, billiard room fans, married folks, adolescent and love-sick boys, and the modern dance. What the publisher chooses for his newspaper reveals to a large degree his good taste and the ideals he holds for his publication. Cartoons have a tremendous influence, directly and indirectly. Day after day, the lessons cartoons teach have an influence on

all humanity, especially the youth. In selecting cartoons that appeal to different classes of readers, the publisher needs to remember that there is a line between good fun on the one hand and lewdness and lawlessness on the other.

Propaganda and Publicity

Editorial desks are flooded with propaganda and publicity. Thousands of tons of paper are used every year in giving to the newspapers of the country propaganda and publicity about numerous movements and enterprises. The Inland Daily Press Association and the American Newspaper Publishers Association have both instituted campaigns against these attempts to obtain free space.

Propaganda implies deceptive publicity. Publicity may or may not be colored, but it is not sinister. It is for the newspaper publisher to set rules for the handling of this material. Some publishers have made a practice of returning publicity material, as well as propaganda, with a card saying that if space is desired for any particular message, advertising space may be purchased at regular rates.

Some concerns, sensing their public relations problem, have seen the hand-writing of opposition on the part of publishers to the space-grabbing publicity agent. One power company, operating one of the largest hydro-electric power plants in the world, tells its message in space contracted for directly with newspapers in the territory it serves. It assumes that when it has a real news story the editors will be glad to publish it. If more advertisers had this attitude, there would be less of a contest between editorial staff workers and the public relations departments of business concerns.

In some ways, publicity, if it is properly handled, is a direct help to the newspaper. The legitimate public relations departments serve a real purpose in corporate business. They collect material that the newspaper would have great difficulty in obtaining otherwise.

Publicity material may be used if it possesses news or feature story value. When the publisher learns that certain publicity is accurate and comes from legitimate sources, he does well

to instruct his editorial staff to use such material when it possesses news value.

The practice of giving a certain amount of free space in the editorial columns along with paid advertising still obtains in many offices. In some cases, because of custom, such practice may seem to be necessary, but it is not desirable. The news department should be conducted without advertising department control. Many newspaper publishers have learned this lesson.

As to the acceptance of publicity material, the merit of the cause, the source of the material, its news value, and the space available, are some of the important considerations by which to make decisions. Another standard is "the way it's written."

Service to Newspapers

What financial editor would not welcome an advance notice of a new issue of stock in U. S. Steel, Standard Oil of New Jersey, or General Motors? In what newspaper of large size would not legitimate information on the annual volume of business of a great railroad system in the territory served by the newspaper be welcome?

This is the day of corporate business. If the newspapers are to print the news they cannot avoid mention of corporate organizations and financial information affecting the public. It is one thing to print "cooked up" style information that endeavors to influence women to use more silk, or silk substitute, and it is quite another to print legitimate news about industry.

In the automobile, radio, and theatrical fields, there are large amounts of editorial information given to the newspapers. It does not take a special editor in these departments long to determine what forms a real basis of a story and what is just so much copy designed to occupy free space.

In all phases of life business interests are interwoven; newspapers cannot avoid them. Discretion is necessary on the part of the editors and publishers in making use of this information.

One newspaper in a Northern city publishes legitimate news of financial institutions in an effort to strengthen the securities market in that territory. Another newspaper prints such news as

it is forced to print on financial conditions, in addition to using financial news coming from houses taking advertising space. Which newspaper is doing business on the stronger basis? Certainly the one that is trying to build a securities market so that there will be a sound basis for the development of financial advertising.

In large corporations, it is oftentimes very difficult for newspaper men to obtain information. If there are special departments in large business organizations that gather *facts,* these departments should be recognized, and on the largest newspapers of the country, these departments are recognized as of vital service to newspapers which are trying to publish the news of the day.

Weakness of the Press

Indictments of the press are frequently made in more or less caustic words. These charges of weakness are difficult to prove in actual cases, but taking the country generally, newspaper men, as well as the public, know the force of these accusations. Among charges cited against newspapers are included:

1. Unwillingness to correct a wrong.
2. Sinister suppression of actual news.
3. Distortion of facts.
4. Astonishing inaccuracy.
5. Invasion of privacy.

The charge that newspapers refuse to right a wrong is not altogether true. In fact, the day of refusal to right an injustice done in the columns of a newspaper is passing. While some newspapers heretofore would not willingly correct mistakes, we find examples of practical contradiction of this charge in such cases as that of the Chicago *Tribune* which has a "Beg Your Pardon" column in which corrections are gladly made. Newspapers are usually only too glad to rectify serious errors, for retraction has great weight in a defense in a libel case. Of course, newspapers may be run by evil and criminally inclined individuals, the same as other kinds of business, but the newspaper as an institution cannot be damned because of the moral defects of the few.

News is sometimes suppressed for profit, false emphasis is laid on certain classes of stories, and reporters often show almost criminal inaccuracy in reporting. These faults can be remedied: by the maintenance of the newspaper's independence of powerful interests, an independence made possible by financial success on the merits of the business; by the separation of the news columns from the business side of the newspaper office, as far as possible; by higher ideals in publishing, and more professional education for both editorial and business executives in newspaper offices. If these remedial measures are put into effect, they will go a long way in stopping indefensible attacks on public and private individuals and in discouraging the falsification of news.

The error of inference, so common in reporting, is to be deplored. One great newspaper in a Middle Western city apparently makes a practice of using inference to add color to the story. An example will serve to clarify this point.

A married woman whose husband was away was calling on friends in a suburb. The husband in the suburban family offered to take the woman guest to her home in his car. On the way to the city the car skidded and both the man and the woman were injured. In the story the inference was made that the husband in the suburban family was enjoying a gay party in the absence of the woman's husband. The facts did not substantiate such a story.

The newspaper, in its relation to individuals, must respect privacy and place a proper valuation on character; otherwise, with its power for spreading information, it may become even more than now, a force to be feared by the private citizen.

The spirit of the law does not favor the wrongdoer, and there is no reason why the newspaper should shield the wrongdoer from the public eye. The newspaper's business is to print the news, irrespective of what happens. How far the newspaper should go in regarding itself as the prosecuting attorney for the people is a question. Some newspapers are mirrors alone. Such a type of newspaper can pay dividends, if properly conducted, for there is a demand for such merchandise. There is, however, also a demand for enlightenment, for editorial

guidance on the problems of life, government, and business. There is a big opportunity for this type of newspaper, although seriousness must be leavened with that quality of human interest that has proved so much of a boon to the metropolitan newspaper of our times.

The publisher should never be afraid to enter a campaign for some good end, irrespective of the general policy of his publication, whether it be a mirror newspaper in its editorial and news columns, or a mirror in news only and a forum, with an aim of enlightenment and leadership, in its editorial columns.

The average small city daily does not have the facilities to conduct an editorial page presenting accurate information and expert guidance on national and international questions. On such questions, the publisher either has to run the risk of inaccuracy in his editorials or else depend upon syndicated editorials and editorial articles.

As a policy for a small daily, it seems far better to run editorials on local and state questions about which the editor is well informed. If he has the time and the space, he can add editorials on such national questions as he or his staff have time to prepare. Some questions can be handled in special articles purchased from syndicates. If the practice of purchasing editorials is followed, the publisher must remember that if he uses them on his editorial page he is using them as the editorial expression of his own publication. Such a practice is all right if the publisher or his editor knows before publication whether the syndicated editorial material agrees with the policies of the newspaper.

The publisher or his editor-in-chief, even in a small town, can read books and periodicals on national and international questions and so prepare himself for writing editorials on these subjects, but this takes time which could well be devoted to other phases of the business. If the small daily tries to match the metropolitan paper, it will likely fail in the attempt. The small daily has a field of its own. It should see its field and attempt to satisfy the needs of its readers.

The publisher can adopt the policy of using human-interest

editorials, as well as editorials on subjects in the public mind at the time.

The publisher needs character. If he himself is not an honest, straightforward man, it is likely that his lack of character will be reflected in his business. If he wants to serve his community, he can adopt the policy of being a builder—a policy which calls for optimism and common sense.

Percentage of News to Advertising

With the great increase in the amount of advertising and the rising costs of newspaper production, the old ratio of 50 per cent news and 50 per cent advertising has been discarded on many of the larger newspapers. A tentative operating ratio of 60 per cent advertising to 40 per cent editorial material, including news, features, and pictures provides sufficient consideration for the reader and gives the publisher adequate lineage for profit. Advertising volume often runs as low as 35 per cent.

The advisability of crowding out news is very much in doubt. Without news the newspaper fails in its function and deteriorates into a mere handbill. Another danger is the bulk of advertising, which brings on a situation in which the reader cannot have time even to look at the pages of his newspaper, especially those without any reading text whatsoever. The remedy for this crowded condition is an advance in advertising rates, which will tend to cut out the one-time and inefficient advertisers and to strengthen the advertising that does appear in the paper.

Editorial Budgeting

Men make newspapers. No publisher can forget this fact, but many of them try hard to do so. By paying low wages publishers create a tendency for newspaper men and women to look for employment on other publications, or even in other enterprises. It is recognized that newspaper men make successful executives, and many former newspaper men have won places of leadership in business.

Because of low salary scales, there is a shifting and uneasiness about the editorial rooms of many papers. There is a lack of professionalism among the men and women who are writing

much of the news of our day. Happily, this lack of professionalism is not the fault entirely of the men and women behind the desks and typewriters.

Honor among newspaper men is sacred. For example, the code of a newspaper is not to violate release dates, and reporters and editors uphold that code.

Another feature of the code is seen in the fact that newspapers generally protect their reporters, as well as their sources of news.

All these things have direct relations with editorial budgeting. If publishers would budget their editorial expenditures and check results as closely as they do in the advertising department, better newspapers would be the consequence. Better salaries could be paid. With better salaries in the editorial room should come better trained men. There are trained men in the business now, but some of the best either rise to executive positions, become writers of national importance earning independent incomes, or go into business. The average reporter is not well paid in proportion to his ability, measured either in responsibility or achievement.

Great editorial columns, and other features of newspaper personality, are dependent upon personnel. Personnel in turn is dependent upon economic recognition of effort and character. Unless men are paid fair and encouraging wages, they are discontented. They cannot maintain standards of living to which educated and talented men are entitled.

Failure to recognize newspaper ability on the pay roll drives men out of the newspaper profession. Some publishers complain that they cannot afford to pay better wages; others maintain that when a good reporter leaves the paper, another young fellow can be drafted from a near-by high school or a college sophomore class. Such may be the case. Many reporters have come to the profession poorly prepared; many have made their marks in the profession; however, few who have staid on have received adequate wage recognition.

Publishers cannot be blamed for buying newspaper talent at the market price. But the keenest industrial management holds that better wages inspire greater interest, greater satis-

faction, and more income for the business. Industry after industry has proved the benefit of adequate financial recognition of its workers.

How many daily newspapers in the smaller cities have, for example, the welfare and profit-sharing systems now quite common in business and industry? Larger newspapers have taken the lead. Others must follow.

In this world, men to a large degree must win their own economic salvation. Reporters are no exception; nevertheless, from the standpoint of good management it would be wise to provide such editorial budgets that employes can at least have the advantage of staying in the work they love and still receive adequate reward.

It would be idle, in face of shifting changes in dollar purchasing power, to state what an editorial budget should be. Conditions are so varied that it would be difficult to determine fair rates of pay for different newspapers in different communities.

The rule to follow in editorial budgeting is that good management recognizes the value of men.

A moderately sized bank in a large city, seeing that its volume was maintaining a fixed level, year after year, instead of gradually rising in proportion to the growing business of the community, decided to release a young vice president. Another bank saw an opportunity. It employed the young man. On beginning his service he found very little to do. The young man complained. The president replied, "I hired you to find something to do." The young man did, and through his study of bank efficiency and customer-winning service, added thousands and thousands of dollars to the business of his institution. The first bank was the loser.

The publisher must be the judge of his men; but effective management of present-day business dictates adequate salary schedules. Each paper must work out its own problem.

Many persons wonder as to the causes of the success of the Hearst newspapers. Of course, this organization has able administration; otherwise it would cease to exist. But the "why" of the success of this nation-wide newspaper chain may be found in an outline of Hearst policies by Bradford Merrill,

general manager of the Hearst Newspapers. Mr. Merrill gives the instructions of William Randolph Hearst on the question of personnel.

"Your search for talent," Mr. Hearst writes, "must be incessant and sleepless. Remember that if you can discover one new man or woman of talent to add to your staff, you have secured a continuing, permanent advantage or improvement to the paper running 365 days a year, and worth much more than a news 'beat' that lasts a day, or an advertising contract that lasts a few months. The talent will secure both the other things but the other things cannot procure the talent. Nothing is more important than continuing ideas and writers of real excellence, for they make our papers different and distinctive from all others."

A Code of Ethics for Journalism

Even broader in scope than several of its predecessors as enacted by various newspaper groups is the code adopted April 28, 1923 by the American Society of Newspaper Editors, which at the time represented approximately three-fourths of the daily newspapers of the United States in cities of more than 100,000 population. Similar codes have been adopted by numerous state and sectional association which have stated their journalistic ethics as both an ideal and an answer to critics of newspaper practices. The American Society of Newspaper Editors' code follows:

CANONS OF JOURNALISM

The primary function of newspapers is to communicate to the human race what its members do, feel, and think. Journalism, therefore, demands of its practitioners the widest range of intelligence, of knowledge, and of experience, as well as natural and trained powers of observation and reasoning. To its opportunities as a chronicle are indissolubly linked its obligations as teacher and interpreter.

To the end of finding some means of codifying sound practice and just aspirations of American journalism these canons are set forth:

I. Responsibility

The right of a newspaper to attract and hold readers is restricted by nothing but considerations of public welfare. The use a newspaper makes of the share of public attention it gains serves to determine its sense of responsibility, which it shares with every member of its staff. A journalist who uses his power for any selfish or otherwise unworthy purpose is faithless to a high trust.

II. Freedom of the Press

Freedom of the press is to be guarded as a vital right of mankind. It is the unquestionable right to discuss whatever is not explicitly forbidden by law, including the wisdom of any restrictive statute.

III. Independence

Freedom from all obligations except that of fidelity to the public interest is vital.

1. Promotion of any private interest contrary to the general welfare, for whatever reason, is not compatible with honest journalism. So-called news communications from private sources should not be published without public notice of their source or else substantiation of their claims to value as news, both in form and substance.

2. Partisanship in editorial comment which knowingly departs from the truth, does violence to the best spirit of American journalism; in the news columns it is subversive of a fundamental principle of the profession.

IV. Sincerity, Truthfulness, Accuracy

Good faith with the reader is the foundation of all journalism worthy of the name.

1. By every consideration of good faith a newspaper is constrained to be truthful. It is not to be excused for lack of thoroughness or accuracy within its control or failure to obtain command of these essential qualities.

2. Headlines should be fully warranted by the contents of the articles which they surmount.

V. Impartiality

Sound practice makes clear distinction between news reports and expressions of opinion. News reports should be free from opinion or bias of any kind.

This rule does not apply to so-called special articles unmistakably devoted to advocacy or characterized by a signature authorizing the writer's own conclusions and interpretations.

VI. Fair Play

A newspaper should not publish unofficial charges affecting reputation or moral character without opportunity given to the accused to be heard; right practice demands the giving of such opportunity in all cases of serious accusation outside judicial proceedings.

1. A newspaper should not invade private rights or feelings without sure warrant of public right as distinguished from public curiosity.

2. It is the privilege, as it is the duty, of a newspaper to make prompt and complete correction of its own serious mistakes of fact or opinion, whatever their origin.

VII. Decency

A newspaper cannot escape conviction of insincerity if while professing high moral purpose it supplies incentives to base conduct, such as are to be found in details of crime and vice, publication of which is not demonstrably for the general good. Lacking authority to enforce its canons, the journalism here represented can but express the hope that deliberate pandering to vicious instincts will encounter effective public disapproval or yield to the influence of a preponderant professional condemnation.

Publishers, as well as editors, should appreciate and be willing to apply the tenets of such a code. In addition, the publishers at the helm in their respective offices need to enforce rules insuring honest advertising, fair competition, sound circulation, and fair treatment and opportunity for the men and women who coöperate as employes to make journalistic enterprises serviceable to intelligent citizenship.

APPENDIX

NEWSPAPER COST FINDING[1]

Records Necessary

In the chapter on Newspaper Accounting, forms and methods are given for the keeping of the ordinary and necessary records which would lead to the preparation of the balance sheet, the profit and loss statement, etc. Of course, the accuracy with which these general records are kept is important later in determining costs. Without these fundamental records, the cost accountant would have no source of information on which to base his cost calculations.

The problems of the newspaper publisher have been greatly complicated by the constant rise of all costs entering into the production of the modern newspaper. Raw materials, labor, and new taxes in the form of Social Security, Old Age Pension Benefits, and Unemployment Insurance have added greatly to the cost of producing the modern newspaper.

A decade or two ago few daily papers attempted to do better than break even in the circulation department. Newspaper business administrations have generally viewed the circulation department as simply a necessary cost of securing advertising revenue, and it has been felt that if the circulation were maintained at adequate value without sustaining a loss, such achievement would be all that could be expected.

The trend has been to raise circulation revenue and more equitably distribute the cost of producing the modern newspaper over both the circulation department and the advertising department, the two main sources of revenue in the modern newspaper. In the future, revenues from the circulation department will play an increasing part in determining the success or failure, financially, of any publication.

Blank Space the Key

It will never be possible to devise a tailor-made system that will fit all newspapers. Conditions vary so widely in different localities,

[1] Prepared especially for the revised edition of *Newspaper Management* by Clinton F. Karstaedt, secretary-treasurer of the Beloit (Wisconsin) *Daily News*, in cooperation with the author.

that it would be well nigh impossible for any accountant to draw up a set of forms which would be applicable to all dailies or weeklies. Studies by cost finding committees of various newspaper organizations have elicited the fact that costs in various printing establishments varied as greatly as 50 per cent, while production in various plants varied only about 2 per cent. It will thus be seen that there is for practical purposes of accounting, no great difference to be reckoned with in the *production* of the various newspaper offices throughout the country. If production is at such a uniformly constant rate, the problem then is to find costs as they actually exist in each particular plant. Having found exact costs, the publisher in the administration department of his newspaper must see that the sales force goes into the various communities and collects enough for the only product the newspaper publisher has to sell, namely, blank space, and to return those costs to the publisher with a fair margin of profit.

It is a source of great satisfaction to any newspaper publisher to be able to state authoritatively and with conviction, exactly what his costs are. Yet, how many newspaper publishers are able to do this? In too many cases the sales force of the modern newspaper is continually compelled to apologize for justifiable increases in advertising rates, without being able to substantiate those increases with proved facts.

False Emphasis

Too often costs are based on what the other fellow is charging. Time has gone when a newspaper publisher can arbitrarily fix advertising rates with impunity, unless those rates are substantially backed by exact cost finding methods.

The capital crime in bookkeeping is false emphasis. The accounts with customers, accounts with creditors, and accounts *with the business* are the three classes of large accounts in the order of their prominence in the ordinary set of books, but the last should be first and the first should be last in the order of their importance. Business accounts should come first, creditors accounts should come second, and customers' accounts should come last.

The business accounts, commonly called general accounts and kept in the general ledger, are an account of the business as an entity. These accounts have to do with the assets and liabilities, income and expenses; they are the accounts maintained in the business itself in its stewardship of the assets invested, in its liabilities to the investors, in its accounting for additional assets received as incomes, and in its accounting or expenses involved in producing these incomes.

The Cardinal Evil

The business accounts alone can tell the story of business worth, of profits or losses, of how the profits were made, and of what the net worth is composed. The assets and liabilities accounts appear—in embryo at least—the instant there is a business entity. The income and expense accounts come into existence with the first activity of the business, like the first rash which precedes an attack of the measles. A big percentage of business accounts born simultaneously with the business are allowed to perish or to be dwarfed, shriveled, and decimated. Indifference to, ignorance of, neglect and abortion of the business accounts constitute crime No. 1 in bookkeeping. Generally speaking these accounts are seldom understood.

When the true import of such accounts is understood then only is it possible to know the science and the art of bookkeeping. In bookkeeping the business accounts are maintained always from the standpoint of the business itself. The business accounts will be understood only when this is understood, that the business is the entity accountable for the assets invested, the consequent liabilities involved, the expenses incurred, and the incomes created. The business accounts representing the very ends of bookkeeping, the goal, the reward of bookkeeping, are often so completely lost sight of that the whole bookkeeping flounders along as one fiasco. Such bookkeeping costs more than real bookkeeping. The difference between the two is that undeveloped, abortive bookkeeping is an absolute expense, while efficient bookkeeping is an absolute investment.

But let us get down to cases. Perhaps we can illustrate our point best by showing some actual forms which are being used in a typical, comparatively small, mid-west newspaper office.

Exhibit "A" is a form which should be studied carefully. It contains the kernel of the whole bookkeeping system, the ultimate goal. In fact, it tells the whole story of a business. One may note how logically the earnings and expenses have been divided. This particular form, as illustrated in Exhibit "A," provides for an ordinary small job department. Some newspapers may not have, indeed many of them have discontinued job departments. In case a job department is not operated, that feature may be disregarded entirely in Exhibit "A," but it is included in case some offices still maintain small printing departments.

Classification of Income

The earnings are classified under: Local Advertising less allowances; Legal Advertising less allowances; Foreign (or National) Advertising less allowances; Classified Advertising less allowances; City Circulation earnings; Country Circulation earnings, and Mis-

MONROE EVENING TIMES STATEMENT FOR_____ ENDING_____ 19____

| EARNINGS | | |

	C—3 Ink									K—2 Clerks									
	C—4 Repairs and Supplies									K—3 Stationery and Supplies									
Local Adv.	D—1 Salaries									K—4 Postage									
	D—2 Mat Service and Express									K—5 Public Enterprise									
	D—3 Miscellaneous									K—6 Telephone and Tel									
Classified Adv.	D—6 Salaries									K—7 Miscellaneous									
	D—7 Promotion																		
	D—8 Miscellaneous									Bad Accounts written off									
Foreign Adv.	E—1 Salaries, Office									Federal Income Tax, etc									
	E—2 Spec Rep Salary									Depreciation									
	E—3 Miscellaneous									Interest									
City Circ.	F—1 Salaries																		
	F—2 Solicitation																		
	F—3 Carriers																		
	F—4 Miscellaneous									GRAND TOTAL INCOMES									
										GRAND TOTAL EXPENSES									
DEPARTMENT EXPENSES FORWARDED:										Net Gain or Loss Job / Newspaper									

Data—Newspaper		Data—Newspaper		Data—Newspaper	
Total Local Display Inches		Pounds of Print Stock Used		Average Rate per inch Local Display	
Total Legal Display, inches		Loss or Gain City Circulation		Average Rate per inch Legal Display	
Total Foreign Display inches		Loss or Gain Country Circulation		Average Rate per inch Foreign Display	
Total Classified Display, inches		Net Loss or Gain in Paid Circulation		Average Rate per inch Classified	
Total Advertising Inches		Newspaper Payroll		Average Rate per inch All Classifications	
Total News, inches		Job Department Payroll		Net Cost per Inch	
Total Inches		Total Payroll		Profit per Inch	
Percent Advertising		Payroll Cost per Issue		Net Cost per Inch on Average Subscript or Basis	
Percent News		Payroll Cost per 1 000 Copies		Profit per Inch on Average Subscription Basis	
Total Publication Days		Paper and Ink Cost per Issue		TOTAL REVENUE PER ISSUE	
Total Number of Pages		Paper and Ink Cost per Page		TOTAL COST PER ISSUE	
Average Number of Pages per Day		Paper and Ink Cost per 1,000 Copies		TOTAL PROFIT PER ISSUE	
Number Copies (Paid) City, Average		Cost per Inch Composition Only		PROFIT PER DAY, JOB AND NEWSPAPER	
Number Copies (Paid) Country Average		Cost per Inch Paper, Ink and Composition		Percent Profit to Total Earnings	
Total Paid Circulation		TOTAL COST PER PAGE		Percent Expense to Total Earnings	
Number Free Copies, Average		Percent Advertising Payroll to Adv Earnings		Percent Profit Job Department	
Average Number Copies Printed Daily		Percent Advertising Cost to Adv Earnings		Percent Profit Total Business, Job and Newspaper	
Total Number Copies Printed					

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FIG. 71. SECOND SECTION FORM "A" RECAPITULATION SHEET

cellaneous Revenues. Under the heading "Job Department Earnings" there is also space for cash sales of stock and regular commercial printing. There is finally a space for the "Grand Total of All Incomes." Costs in this typical, small town daily divide themselves naturally into Editorial, Composing, Press and Stereotyping, or simply "Press," Local Advertising, Classified Advertising, Foreign (or National) Advertising, City Circulation, and Country Circulation. Then a sub-total of the "Total direct newspaper expense," is carried forward into the "Grand Total" column. In Exhibit "A" there is also provision made for "Direct Job Department Expense." The total direct job department expense is also carried out into the "Grand Total" column. Needless to say these accounts are accounts of first importance in the business, and are kept in the general ledger, as business or "control accounts." The cost or expense accounts are likewise kept in the general ledger, as accounts with the business, or general accounts. For convenience, the direct overhead expense naturally divides itself into two departments, "Plant" and "Office" expense. Office expense might be called "administration expense," instead of office expense, but office expense seems a little clearer. However, these two expense accounts do not represent the entire overhead, because we still have "bad accounts," Federal Income tax, depreciation, and interest. Space is also provided for any other overhead expense accounts which might be peculiar to any particular office. Federal Income tax should be considered as a direct overhead expense. However, from a bookkeeping standpoint, it may be charged as the government requires, directly to surplus account, although for practical purposes, it must be allocated to overhead, if exact costs are to be determined.

The Tax Problem

In this Exhibit "A" form there is no provision made for Federal Social Security tax, Federal Old Age Benefits tax, or State Unemployment tax. In states where unemployment taxes are in force, provision should be made in the general ledger for these tax accounts, including Federal taxes, and they should be kept in the general ledger and included among the overhead costs.

It may be noted that each departmental expense account has been given an alphabetical symbol, and that each expense account has been sub-divided, showing the detail in that particular division. For instance, "A" always signifies editorial expense when it is seen in the cash book; "B," composing expense; "C," press and stereotyping; "D," local advertising, and so on. Under the expense account "editorial" are placed six divisions: A1, salaries; A2, wire service; A3, telephone and telegraph; A4, correspondence; A5, features, cuts, etc.; A6, miscellaneous.

This system is flexible and can be altered at will to fit any particular newspaper office. For instance, some newspaper offices might want to include under editorial expense, expense for automobiles used exclusively in the editorial department. Many other divisions may suggest themselves to individual newspapers.

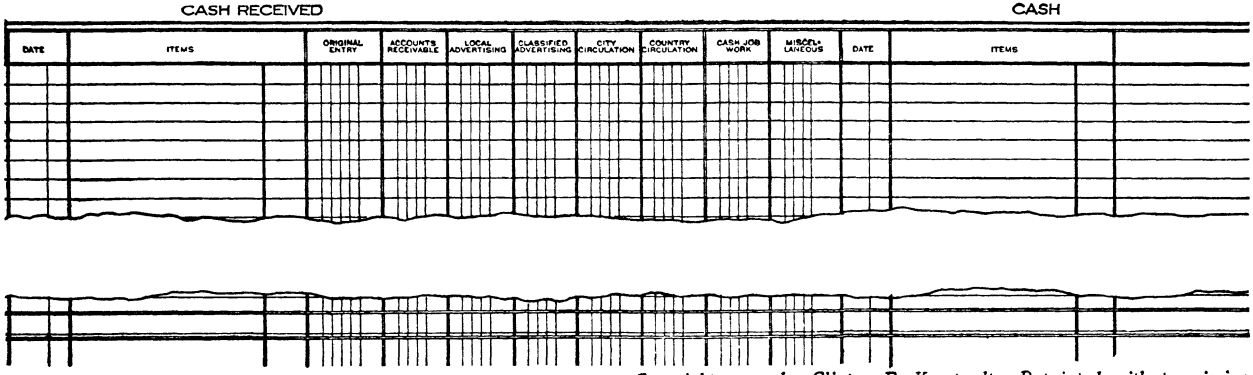
Exhibit "B" shows the cash book sheets. This is a so called "distributing cash book." It will be noticed that there are columns in the cash book corresponding with the division on Exhibit "A" sheet. When the bookkeeper posts the cash disbursed items, he enters the symbol for that particular disbursement in the column to the right of the item column; this is for convenience later in picking up these expense items on analysis paper for filling out form "A."

Accrual Method

To illustrate, if a check is written for wire service, upon posting this item in the cash book, it is designated with the "A" symbol, then carried to the A column of editorial expense. When payroll is written into the cash book, it is divided according to the different symbols. For instance, that portion of payroll for editorial salaries is labeled A1 and is carried to the editorial column. Linotype composition is labeled B1 and is carried to the B column. Local advertising department salaries are labeled D1 and then carried to the D column, and so on. At the end of the month it is a simple matter to recapitulate all of these various items on ordinary analysis paper. After the various items on the expense analysis sheet and proof against the totals in the cash book have been assembled, these items are ready to be assembled on the sheet marked Exhibit "A."

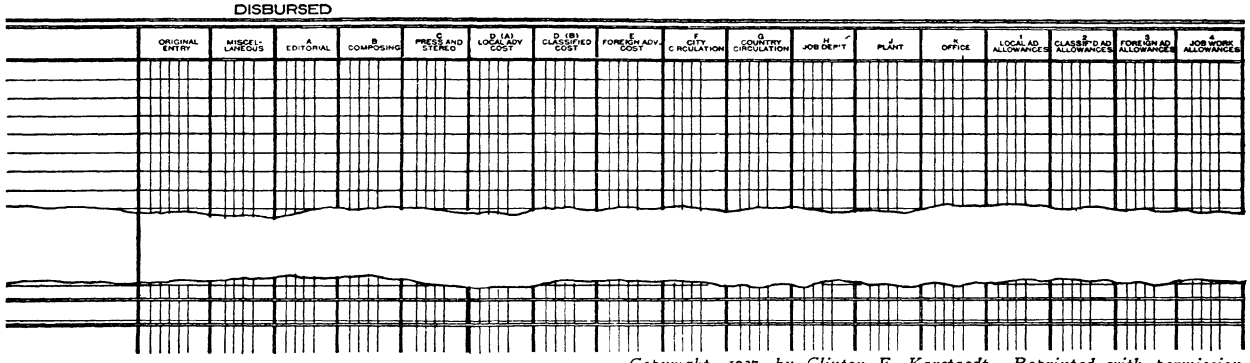
It will be generally found that the accrual method of bookkeeping is the most practical method. Before the cash book is closed for the month, this distributing cash book is most convenient for setting up the accrued expenses for the month, the process being to set them up in the cash received side, carrying them over to the miscellaneous column, from which they are posted to the general ledger or to the accounts payable ledger. Then the various items of expense are distributed through the various columns. Exhibit "B" is therefore both a cash book and a journal.

Payroll may be set up in the same manner as accounts payable. To illustrate: if a month closes on a Wednesday, and payroll is on a Saturday, there would be three days of accrued payroll. Therefore it would be perfectly proper and necessary, in order to ascertain the exact cost for that particular month, to set up, in the cash book, the accrued payroll and likewise distribute through the expense accounts the accrued payroll as such.



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FIG. 72. FIRST SECTION FORM "B" CASH BOOK



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FIG. 73. SECOND SECTION FORM "B" CASH BOOK

There are also various other expense items to be considered before the month's business should be closed, as the feature accounts, mechanical supplies, and paper. Taxes, depreciation, interest, and Federal Income taxes should also be set up before the month's business is closed, as well as the proprietor's salary.

A word in this connection concerning the entering of taxes might here be pertinent. Before closing the books for the year, it is quite easy to ascertain the tax liability. Projecting the business into the future for twelve months, a publisher may without difficulty determine the tax expectancy for the ensuing year, so that with these considerations in mind it would be possible to take one-twelfth of the pre-determined figure and debit "Plant Expense" account each month, under the heading "J6" and set up a reserve for "Taxes Account" in the general ledger for a corresponding amount. When the taxes are eventually paid, they are charged against this reserve for taxes account. Depreciation is handled in exactly the same manner. One-twelfth of the pre-determined amount for the year is set up and charged out each month. The keeping of these various expense and income accounts constitutes the real job of bookkeeping. This is the keeping of the business or control accounts, to which reference was made in the opening of this chapter.

Accounts Summary

Now for a word in regard to Exhibit "C," a sheet corresponding in size to Exhibit "A." It should be kept in the same binder with sheet "A." This is a recapitulation of the business accounts. This sheet can be readily filled out at the end of the month, after a so-called "trial balance" is taken from the general ledger. It will be noted that there is an account appearing on the sheet represented by Exhibit "C" for each of the income and expense accounts, and that there are also the business accounts appearing thereon. To explain, there is the "Cash Account," the "Accounts Receivable Account," the "Notes Receivable" account, the "Inventories" account, "Deferred Charges" account, etc. These are the accounts *with the business.*

When Sheets "A" and "C" are properly filled out and appear opposite each other in a suitable binder, they will tie in exactly with one another. Sheet "A" shows the accounts in detail, while sheet "C" is a recapitulation of the so-called "trial balance." Exhibit "A" will give the exact gain or loss for the month, while sheet "C" will give exactly the same answer, if all of the income accounts are added together, all the expense accounts likewise being added together and subtracted from the income accounts. The answer on

sheet "C" will be the total profit for the year up to the end of any given month. To find out the earnings and to have it agree with Sheet "A," simply deduct the earnings as shown by the previous month's sheet "C." The net answer should agree with the profit as shown on Exhibit "A."

At the bottom of Form "A" it will be noted that there are three columns to be filled with data. A place is provided for keeping a record of the total number of display inches, local, legal, national, and classified display. There is also room for the percentage of advertising and news and the total publication days, total number of pages, together with monthly convenient circulation records. Space is provided for the record of pounds of print stock used and the net gain or loss in circulation, as well as a place for the payroll cost per issue, payroll cost per 1,000 copies, net profit per issue, net cost per page, payroll cost per 1,000 copies, total cost per issue, *cost per inch,* together with the total cost per page, etc. These cost figures are readily obtained by the simple process of division, dividing the cost figures by the number of issues per month, or thousands of copies printed, as the case may be.

In the third column at the bottom of Exhibit "A" there is space for keeping the average rate per inch. On line 6 in the third column at the bottom of Exhibit "A," there is space for recording cost per inch and profit per inch.

Net Cost Per Inch

Probably the most important figure which the publisher will want to find in his cost finding operations, is the figure on line 6, column three, or the *net cost per inch.* This really tells the whole story when it is compared with the average rate per inch, and is the weather vane of the entire business.

A word on finding the net cost per inch might not be amiss in this chapter. The method generally employed is to take the total production and distribution cost from which is deducted the circulation department earnings and the miscellaneous newspaper revenue; the result is then divided by the total inches of advertising; the resultant figure is the net cost per inch. This method could not be questioned if the circulation department operated with neither profit nor loss during a given period. If the circulation department of the newspaper is profitable, the advertising costs, by using this method, are being credited with such profits, and conversely are being burdened with the circulation department losses, where a loss is sustained. As newspapers are generally operated, it is not believed that the fallacies of this method are particularly objectionable.

MONROE EVENING TIMES BALANCE SHEET FOR_____ ENDING_____ 19 __

DEBIT OR ASSET ACCOUNTS		CREDIT OR LIABILITY ACCOUNTS	
Cash		**Notes Payable**	
Citizens Bank Account $		(To Officers and Stockholders)	
Checking Account $		(To Others)	
Cash in Office $		**Accounts Payable**	
Accounts Receivable		Trade	
Customer's Ledger		Other	
Other		**Deferred Income**	
		Prepaid Subscriptions	
Notes Receivable			
Inventory—News Print			
Job Stock		TOTAL DIRECT LIABILITY	
Investments		**Reserves**	
		Reserve for Depreciation	
Loans and Advances—To Officers and Employes		Reserve for Taxes	
To Others		Reserve for Insurance	
Deferred Charges		Other Reserves	
Fixed Assets			
Machinery and Fixtures			
		Capital Stock Outstanding	
NET WORTH		**Profit and Loss Account**	
Intangible Assets			
Good Will (Purchased and other)		**Capital Surplus Account**	
Franchise and Subscription Value			
Operating Expense Accts (To be closed into P & L Acct at end of accounting period)		**Surplus and Undivided Profits**	
		Income Accounts (To be closed into P & L Acct at the end of Accounting Period)	
Editorial Dept Expense Account			
Composing Dept Expense Account		Domestic Advertising Account	
Press Expense Account			

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FIG. 74. FIRST SECTION FORM "C" BALANCE SHEET

Local Advertising Expense Account			Legal Advertising Account		
Classified Advertising Expense Account			Foreign Advertising Account		
Foreign Advertising Expense Account			Classified Advertising Account		
City Circulation Expense Account			City Circulation Account		
Country Circulation Expense Account			Country Circulation Account		
Job Department Expense Account			Miscellaneous Newspaper Revenue Account		
Plant Expense Account			Job Department Account		
Office Expense Account					
TOTAL DEBIT OR ASSET ACCOUNTS			TOTAL CREDIT OR LIABILITY ACCOUNTS		
Analysis of Surplus For Ending					
Balance as at 19					
Net Profits for Ending					
Balance					
Withdrawals					
Dividends Paid $					
Other Withdrawals $					
Balance as Shown in Above Balance Sheet					

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FIG. 75. SECOND SECTION FORM "C" BALANCE SHEET

With this method, it would appear perfectly proper to treat any loss sustained by the circulation department as an additional burden to the cost of advertising, and likewise in years in which a small profit might be earned by the circulation department, it would be perfectly proper and justifiable to treat such earnings as a credit to advertising cost.

Circulation at a Profit

As this chapter is being written, however, the newspaper business has, apparently, reached a milestone. Newspapers generally throughout the country are announcing advances in subscription rates. It is probable, indeed, it is absolutely necessary, that newspapers in the future will eliminate circulation losses. In the future the circulation department, of necessity, will not only be compelled to bear its own costs, but must, if the publication is to be successful, *produce part of the profits.*[2] If this prediction is correct, it would seem that rather more detailed cost figures must of necessity be obtained to segregate properly the various costs in newspaper makeup and printing as between the advertising and circulation departments, so that separate operating statements may be obtained for each of these two newspaper activities. In such case, the inch cost, or line cost, of advertising would be obtained by dividing the grand total of advertising department costs, as segregated from circulation department cost, by the total inches of advertising car-

---

[2] The controlled circulation newspaper, however, is based upon another theory, to the effect that the advertising bears the total expense of the entire publication; advertising rates are high in order to pay for the freely distributed circulation. Naturally, the question here involves the acceptability of a freely distributed publication. Most persons value an object more highly if they have to pay for that object, whether it be a newspaper, trade journal, or an antique. Some free circulation periodicals have done exceptionally well, but such publications have been the exception among the total publications in the magazine, farm journal, and newspaper fields. The truth is that many so-called free circulation papers are not in fact free; carrier collections are quite generally used, or in case of some free or controlled circulation newspapers, politicians pay funds to the publisher in order to benefit from wide circulation in a particular neighborhood or community. In some restricted fields, especially in the trade and business paper fields, the controlled circulation method seemingly works satisfactorily, but when it is realized what would happen if a householder received all the magazines of a popular nature and all the locally published newspapers in a given case, as New York or Chicago, the impossibility of the situation may well be realized.—F. T.

ried. To adopt this more accurate method would entail a great deal of additional time-card records, etc., and the apportionment of a great many items of newspaper cost and expense on a basis of the ratio of news inches to advertising inches as averaged over a sufficiently long period to produce a true average ratio.

This, of course, would involve more record keeping than is outlined in this chapter, but the average bookkeeper in the modern newspaper office would be perfectly capable of obtaining such costs from the record he already has, in fact such cost could readily be obtained if sheet "A" were properly filled out.

It has generally become the custom, in metropolitan newspaper offices, to treat every advertisement as a separate "order" or parcel of business. Forms are provided in the larger newspaper offices for keeping an accurate time card record of the composition time expended on each particular advertisement. Many modern advertisers insist on the most fastidious and intricate kind of composition. This kind of composition is expensive. Accurate costs of such composition are often necessary and desirable. In order to determine whether or not the newspaper is making a profit on a given advertiser's volume, it is absolutely necessary to keep an accurate shop-record of the time spent in setting, composing, or stereotyping any particular advertisement. Costs vary widely according to the advertiser's particular whim or taste in composition.

The Overhead Factor

Of necessity to the composition cost of any given piece of copy must be added the "overhead." In other words, each piece of copy should bear its proportionate share of the rent, taxes, heat, light, power, office expenses, etc., this to be determined by dividing the entire volume of business (lines or inches) carried during the year into the overhead account, which would determine the charge per inch of the "overhead burden" to be carried by any given advertiser.

To arrive at the cost of producing a given piece of copy, it would be necessary to establish first a net hourly cost for composition. This would not be the mere cost of the labor paid the compositor for setting the advertising, but would also include wear and tear on equipment, perishable materials used, and shop burden, exclusive of administration expense, such as taxes, rent, heat, light, and power.

For the average small town newspaper, however, it will not be found practicable to keep such intricate records of costs. It would not only add to the overhead expense to keep such intricate records, but would be of little avail.

In the final analysis, selling prices are governed largely by two factors: first, rates charged by similarly located and operating newspapers, and secondly, by what the traffic will bear.[3]

The real problem of the newspaper publisher is to keep costs under that pretty largely pre-determined figure. The purpose of this chapter has been to assist the publisher in accomplishing exactly that.—F. T.

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[3] Publishers should appreciate the efforts being made to study relative appraisals of advertising cost as between different newspapers and different media. The milline means one million circulation of the standard unit, one agate line.

The formula for determining the milline rate for a publication with 1,500,000 circulation with an $8.00 per agate line rate would then be as follows:

$$\frac{8}{1{,}500{,}000} = \frac{\text{milline rate}}{1{,}000{,}000} \quad \text{or } \$5.33.$$

However, because so few newspapers have such large circulations, it has been thought a fairer basis to determine the agate line rate per thousand circulation instead of the per million circulation.

Efforts have been made also to determine quality of circulation on a comparative basis. The Los Angeles *Times*, for example, has developed the purline rate. The formula for determining the purline rate is as follows:

$$\text{Purline} = \frac{\text{line rate} \times 1 \text{ billion dollars}}{\text{purchasing power of readers}}.$$

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